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NEWS SUMMARY

GENERAL

Safe Labour seats in Europe

Labour could win as many as six of the eight European parliamentary seats in Scotland when direct elections are held next year.

The Boundary Commission's proposals for Scottish constituencies were published yesterday.

Four European constituencies in the central industrial belt of Scotland, where more than half of the electorate lives, are almost certainly safe Labour seats. Back Page

Gen. Zia wins

General Zia Rahman won an overwhelming victory in the Bangladesh general election. The rival Democratic Unity Party has alleged rigging and says it will not accept the result. Page 2

West Bank debate

Israel yesterday celebrated the 11th anniversary of its capture of East Jerusalem from Jordan, while the Government debated the future of the occupied West Bank territories. In London, Mr. Ron Hayward, Labour Party general secretary, warned that Israel will not live in peace by invading neighbouring territories.

Express warning

Mr. Victor Matthews says he can afford to close the Daily Express "and might well do so" if there was any major dispute with the print unions. Page 7

Bengali plea

Flats in London may be set aside exclusively for Bengali immigrants. The Greater London Council is to consider a request by 130 Bengali squatters to be housed together. They say they would feel safer from attack.

Thorpe interview

Investigation of the alleged plot to kill ex-male model Mr. Norman Scott is believed to be nearly over. Mr. Thomas Hetherington, Director of Public Prosecutions, is to study the result of a police interview with Mr. Jeremy Thorpe, former Liberal leader.

Drug test

A drug test on the Scotland World Cup winger Willie Johnston has proved positive. If a second test today proves positive he will be banned from the rest of Scotland's games.

Real ailment

A Bristol barmaid may be Britain's first victim of a new ailment—Real Ale Shoulder. Her doctor said she was suffering from chronic strain of the shoulder fibres since her pub had gone over to real ale.

17 killed

Rhodesian security forces have killed 12 guerrillas and five "collaborators" for the loss of one white policeman, according to a defence communique released in Salisbury last night.

Briefly . . .

Lotus cars finished first and second in the Spanish Grand Prix. Mario Andretti was the winner, closely followed by Ronnie Peterson. Jacques Laffite in a Ligier was third.

Weekly £50,000 Premium Bond prize went to Essex holder of 8YS 036087.

Captain Krystyna Chojnowska-Liskiewics, the first woman to sail around the world single handed, arrived in Plymouth yesterday.

China has slashed economic aid to Vietnam in retaliation for alleged expatriation of Chinese living in Vietnam.

An earthquake registering 5.5 on the Richter scale hit Vancouver Island yesterday. There were no reports of damage.

BUSINESS

Skilled workers hard to find

● SKILLED staff are becoming hard to recruit, according to the latest Financial Times survey of business opinion. Industrial companies reported staffing shortages from management and senior grades down to manual labour.

The survey shows that while consumer demand is continuing to improve, the slow recovery does not hold out much hope of an early reduction in unemployment. Back and Page 28

● MID-MAY banking figures published tomorrow will give the City some indication of how successful the monetary policy laid down by the Chancellor has been in the first month of the new financial year. Back Page

● NATIONAL Economic Development Council, which meets on Wednesday, is expected to discuss overseas investment by British companies, which, a NEDO study shows, does not compete with UK investment or damage employment prospects. Back Page

● WORKER-DIRECTOR proposals contained in the Government's White Paper on industrial democracy paid scant attention to junior and middle management, the director-general of the British Institute of Management has said. Page 6

Tough line by Renault

● RENAULT motor company has taken swift action against strikes and sit-ins staged by workers at some of the company's factories in France. The company has broken off negotiations on working conditions and careers structure, closed the Flins factory where 400 press shop men are on strike, and taken out a court injunction against a sit-in by workers at its plant near Rouen. Back Page

● TWO bulk shipping cartels—one for oil tankers and one for dry bulk trades—will be discussed by world ship owners at the Posidonia shipping exhibition in Piraeus ths week. The schemes have the support of Scandinavian and Japanese lines, but so far the Greek shipping groups have not given their backing. Page 3

● CLYDEDOCK ENGINEERING, the ship repairing company formed last year with the backing of the Scottish Development Agency, may buy the Greek Neorion Shipyard on Syros. Page 4

Pay deal for New York city

● PAY DEAL between the Mayor of New York and union leaders of 225,000 municipal workers is expected to be agreed before tomorrow's Senate hearing on a new federal aid programme for the city. The pay deal will give 8 per cent pay rises and cost the city $1.1bn. Page 2

● REGIONAL development grants for mining must be restored if the Cornish mining industry is to survive, the Cornish Chamber of Mines has warned. The warning follows the closure of the Mount Wellington tin mine and the placing on a care-and-maintenance basis of the Wheal Jane mine. Page 4

● ALCAN ALUMINIUM (UK) shares will be quoted for the first time on the British Stock Exchange today, following the conversion by UK holders of most of the 9 per cent convertible loan stock. UK shareholders now own 16 per cent of Alcan Aluminium (UK) equity. Back Page

COMPANIES

● IRISH LIFE ASSURANCE achieved record new business sales in 1977, with new annual premiums up 17 per cent to £10.6m and single premium sales doubling to £20m. Page 26

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FEATURES

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Ford workers to press for 25% and shorter hours

BY ALAN PIKE, LABOUR CORRESPONDENT

The Government was given an important pointer to possible pay problems in the next round when Ford shop stewards decided yesterday to press for minimum increases of £20 per week, equivalent to rises of 25 per cent.

At the same time, two senior TUC leaders demanded urgent action on low pay by setting a minimum wage and moves towards a shorter working week.

The Ford pay targets, which emerged from yesterday's meeting in Coventry of 200 shop stewards representing 57,000 hourly-paid employees, are much more ambitious than the "socially responsible" 15 per cent wage claim the unions presented to Ford last year.

A £20 increase would represent a rise of about 25 per cent for the main grade of production worker. In addition the shop stewards want other costly improvements, including a five-hour cut in the working week, improved holiday and sick pay and better lay-off arrangements.

Ford pay negotiations are always important politically because of their pace-setting position at the beginning of the wage round.

Last year, when Ford settled for 12 per cent, the Government was faced with the first really crucial test of how rigidly it was going to implement its 10 per cent guidelines and sanctions policy.

This year the negotiations, which are normally concluded in October, could be taking place during an election campaign.

The actual Ford claim is drawn up by the trade union side of the company's national joint negotiating committee. However, the demands of the shop stewards are a central, and frequently decisive, factor and this year shop floor representation on the committee is being increased.

Profits

Shop stewards at yesterday's meeting argued that £20 increases were necessary to restore lost purchasing power and improve living standards.

They also drew attention to the greatly improved financial performance of the company—profits this year rose from £121.6m in 1976 to £246.1m pre-tax.

In another development, Mr. Alan Fisher, general secretary of the National Union of Public Employees, yesterday demanded that the Labour Party commit itself to a £60 per week minimum wage with a shorter working week.

NUPE would, be said, fight for a clear commitment to these priorities in the Labour Party's election manifesto. "We have set ourselves a target figure which we believe to be justified and right," he told the union's 50th anniversary festival in London.

NUPE's suggested £60 compares with the present minimum of £42.40 for local authority manual workers.

A number of influential union leaders are increasingly urging policies to combat low pay and reduce the working week as priorities for the trade union movement.

Mr. David Basnett, chairman of the TUC and general secretary of the General and Municipal Workers Union, echoed Mr. Fisher's call yesterday.

However, Mr. Basnett, speaking on the eve of his union's conference in Scarborough, stressed that a full return to voluntary collective bargaining was both necessary and possible.

"We want to see an end to direct Government interference and the threat of sanctions. The Government should concentrate, in consultation with the trade union movement, on creating a favourable economic climate within which sensible negotiations can take place."

This threw the responsibility for setting bargaining objectives and priorities back to the trade union movement and he believed that the TUC should accept that obligation.

Renault strikes challenge French incomes policy, Back Page

Financial system 'equal to oil funds challenge'

BY NICHOLAS COLCHESTER

THE FINANCIAL system in Britain proved equal to the challenge of financing North Sea oil. It solved some daunting problems, sometimes with the assistance of Government, and left no signs that shortage of finance had held up development. This is the conclusion of a working party of the Wilson committee, set up to study the performance of the financial institutions in this field.

Led by Professor A. D. Bain, of the University of Strathclyde, this working party has produced a report—published today—which describes the magnitude and nature of the problems of financing the development of North Sea oil resources. With the aid of case studies, it shows how "the financial institutions showed considerable ingenuity and innovation in making funds available to some of the borrowers and in seeking out opportunities for involvement in oil-related activities."

The working party found that judicious Government intervention had played a very important part in furthering UK participation in the development of North Sea oil. In particular, it says that the offshore supplies office of the Department of Energy, with its requirement for "full and fair opportunity" for British companies wishing to participate, was a "major catalyst."

On the financing side there was "little need for direct Government financial involvement." The Government did, however, facilitate the supply of finance from private sources. In advance of legislation, it gave banks the assurances that were needed for loan packages to be put together. It also guaranteed one major loan—the development money borrowed by Tricentrol.

The report notes that in face of the considerable expertise in oil matters of the American banks and oil companies, some British institutions — clearing banks, merchant banks, investment trusts, insurance companies and stockbrokers—"did not wait upon events but consciously set out to acquire the expertise necessary to become involved themselves."

Without the decisive moves of certain clearing banks to build up oil departments, British presence on the Continental shelf would have been much smaller, the working party found. It observes that the North Sea has helped UK banks acquire a "more international and sophisticated outlook which is already generating invisible earnings." UK banks are in a position to deploy their oil skills elsewhere and in this respect "they seem to be some distance ahead of their European and Japanese competitors."

The working party also compiled statistics which put the North Sea oil-financing requirement into perspective. It

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UK may build hybrid reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN's first pressurised water reactor could be a hybrid, put together from key components designed in different countries.

The electricity supply industry believes that in this way it might most easily meet the requirements of the Government's safety inspectors and—perhaps more significantly — political objections to the purchase of a foreign reactor design.

It would be argued that the hybrid was a British reactor, designed to British specifications for performance and safety, but drawing on some of the most advanced nuclear engineering of the U.S. and Europe.

The Government has already endorsed a decision of the electricity supply industry to prepare for an order for Britain's pressurised water reactor early in the 1980s.

The most obvious disadvantage of the hybrid approach is that the industry might have to sacrifice the wholehearted support of a major overseas reactor supplier, such as Westinghouse Electric or Kraftwerk Union. But Parliament might find this approach to a basically U.S. reactor concept easier to stomach.

The electricity industry has already commissioned Nuclear Power Company to draw up a shopping list of the features required in a British reactor and to try to match them against the specifications of existing designs for pressure vessel, steam generator, fuel and containment.

How it might undertake the construction of a pressurised water reactor station is still an integral part of discussions about the future of the nuclear design and construction industry.

Lord Aldington, chairman of the National Nuclear Corporation—of which Nuclear Power Company is the operating arm—has been having discussions in Britain and overseas in the search for a new way of managing reactor construction.

The present two-tier management structure, instituted by the Government in 1974, has proved unsatisfactory. The electricity supply industry has expressed dissatisfaction with the way GEC—chosen by the Government as supervisory manager—has exercised this role, and wants the role abolished.

The way in which the industry is reshaped will determine the extent to which it will be prepared to delegate project management for its new nuclear stations.

Given a sufficiently strong organisation, the industry might be willing to place virtually "turnkey" contracts for the new stations, and to restrict the large engineering team at Barnwood to the role of ensuring that it is "an informed buyer."

Dispute over BTR £25m bid

BY MARGARET REID

A DISPUTE blew up last night about a $45m (£25m) bid approach from BTR, the British engineering and transport group, to Worcester Controls Corporation, the U.S. concern which owns the UK valve maker, Worcester Controls.

Mr. Eric Norris, who with his brothers Kenneth and Lewis runs Worcester Controls and owns 13 per cent of the shares in the U.S. group, said the approach envisaged a price of $30 a share, conditional on acceptance by larger holders with 30 per cent of the shares.

Mr. Norris said he and his brothers were disturbed about the position. The first they had known about the attempted takeover was by telephone from the U.S. late on Friday afternoon.

At a talk on Saturday with Mr. Owen Green, managing director of BTR, he had been told it would not be possible to postpone a time limit for acceptance set at 3.30 p.m. today.

Mr. Norris, who is finance director of Worcester Controls, stated: "In the opinion of the British management, sufficient time has not been allowed for the offer to be appraised or alternatives considered." He believed other companies, not necessarily American, would be willing to pay a higher price.

Last night Mr. Green said: "I have no comment in the circumstances."

Worcester Controls Corporation shares are quoted on the American Stock Exchange at $19. There are just over 1½m shares in issue, and the larger shareholders include Mr. R. C. McCray, the president, and other directors of the U.S. company.

Mr. Eric Norris and his brothers are all vice-presidents of the American group.

Worcester Controls in the U.K. claims to be the largest manufacturer of ball valves and quarter-turn actuators in the U.K. and Western Europe. It employs about 1,000 in British factories.

Sales of the company in Britain and Europe in the year to August, 1977, totalled $27m, accounting for more than half the Worcester Controls Corporation group's total turnover of $51m.

The Norris brothers designed both the Bluebird boat and car in which the late Donald Campbell broke world speed records on several occasions.

Cuckney to head Thomas Cook

BY MARGARET REID

Sir John Cuckney, knighted in Saturday's Honours List, is expected to become chairman of Thomas Cook Group, the travel business wholly owned by Midland Bank.

Sir John, chairman of the Crown Agents as well as of the Port of London Authority, was chosen as a director of the Midland Bank at a Board meeting on Friday, although this has not been announced.

A banker and industrialist, he has guided the Crown Agents since October, 1974, towards recovery after losses of more than £200m on secondary banking and property, from which the agents are disengaging. He is to give up this role, after four years, in October.

Sir John, 53, has been chairman of the Port of London Authority since last year, in which capacity he gave a warning that the port could be heading for bankruptcy unless adequate remedial action was taken.

His grappling with the problems of the Port of London has further entrenched his reputation as a trouble-shooter which first developed when he was called in, from 1970 to 1972, to handle the difficulties of the problem-vexed Mersey Docks and Harbour Board.

At Thomas Cook, Sir John will succeed Sir Alan Walker, the former chairman of Bass Charrington who died suddenly in January and was a director of Midland Bank.

Difficulties

Thomas Cook went through a difficult time in the competitive travel industry when it incurred a loss of £1.1m in 1976. In 1977 it had recovered to show an after-tax profit of £2.6m.

Midland Bank bought out the minority interests of Trust Houses Forte and the Automobile Association in Thomas Cook in March, 1977, to obtain full ownership of the travel concern.

Because Sir John's chairmanship at the Port of London Authority is part-time, he will clearly have time available to play an active role in the Midland Bank group, although not holding a full-time executive position there. In due course, this could extend to other duties which might include some part in the development of the business of the bank abroad, where his experience of the Crown Agents' large overseas business would be relevant.

Sir John is bound to be thought of in the City as a possible successor to Lord Armstrong, the Midland Bank's chairman.

France takes firm line on Africa policy

BY ROBERT MAUTHNER PARIS, June 4.

FIVE Western nations will meet here tomorrow to discuss co-ordination of their African policies in the light of growing Soviet and Cuban intervention in the continent's affairs.

The meeting of senior officials from the U.S., the UK, France, West Germany and Belgium was arranged during last week's NATO ministerial meeting in Washington, where the tense situation in Zaire was discussed at length.

This was also one of the main items in talks between President Jimmy Carter and President Giscard d'Estaing of France a few days before the NATO council meeting.

It seems the participating countries are not agreed on the agenda of tomorrow's talks. The U.S. and Britain want most of the emphasis put on joint efforts to provide economic aid to Africa and particularly to Zaire, whose economy has taken a hard knock following the fighting in the mining town of Kolwezi and the evacuation of foreign engineers and technicians.

Mr. Cyrus Vance, the U.S. Secretary of State, said at the end of last week that tomorrow's discussions should be seen mainly as a preparation for a meeting in Brussels between Zaire and its creditors on June 13 and 14, when the economic stabilisation plan drawn up by President Mobutu's government will be examined.

Mr. Hodding Carter, the U.S. State Department spokesman, went further than this when he admitted that "the stability and security of Africa" would also be one of the main items on the agenda.

It is clear that France, which sent a force of paratroopers to rescue the European population of Kolwezi, wil not allow the discussions to be restricted to economic problems.

France is the Western country with the greatest military commitment to Africa. It has about 12,000 troops stationed in countries ranging from Senegal, the Ivory Coast and Gabon in the west to Djibouti in the Horn of Africa.

It is also directly involved in local wars against rebel forces in Mauritania and Chad, where heavy fighting has taken place in the last few days.

There are clear indications that France no longer wants to fulfil the role of "gendarme of Africa" by itself, both for economic and political reasons. The French have been the driving force behind the proposal to set up a pan-African peace-keeping force, which was discussed at the recent Franco-African summit in Paris.

The French hope other Western countries will join in providing financial aid, technical expertise and military equipment for such a force.

Our foreign staff adds: Mr. Huang Hua, China's Foreign Minister now on a visit to Zaire, himself flew to Lubumbashi, the Shaba capital, to meet President Mobutu as American aircraft started carrying about 1,500 Moroccan troops to Shaba province.

Mr. Huang pledged Chinese support for Zaire and criticised alleged Soviet and Cuban involvement in last month's invasion attempt.

It emerged that President Mobutu's handling of the problem had helped precipitate the resignation of Mr. Makosso Mbeka, Zaire's Ambassador to Iran, soon after the rescue operation by French and Belgian paratroopers started.

Mr. Mbeka is a leading political figure in Zaire affairs. Before going to Tehran nearly two years ago he served as Ambassador in Washington, Paris and Bonn. He is a former Industry and Finance Minister. Officially he resigned for personal reasons.

The Moroccan troops being airlifted to Shaba will replace French troops who will be flown back to bases in France.

German liberal setback

BY JONATHAN CARR BONN, June 4.

THE WEST German liberal Free Democrats (FDP) suffered a sharp reverse in provincial elections to-day, falling below the 5 per cent margin of voters' support needed for parliamentary representation.

The liberal failure in the city-State of Hamburg and in the neighbouring State of Lower Saxony seems bound to have repercussions at federal level, where the FDP is in coalition with Chancellor Helmut Schmidt's Social Democrats (SPD).

Not only will the reverse shift the balance of the Bundesrat — the Upper House of Parliament grouping representatives of the Federal States — still more strongly in favour of the opposition Christian Democrats (CDU).

It also raises the question whether the FDP will remain in existence in the medium-term as a parliamentary force available for coalition with either of the two big parties.

According to late-night computer estimates, the liberals gained 4.7 per cent support in Hamburg and 4.3 per cent in Lower Saxony. Previously they had gained 10.9 per cent and 7 per cent respectively.

Portuguese financial delegation goes to U.S.

By Jimmy Burns

LISBON, June 4.

A PORTUGUESE delegation led by Dr. Vitor Constancio, the Minister of Finance, and leading representatives from the Bank of Portugal, left to-day for the U.S. In spite of continuing reluctance by the Portuguese authorities to reveal publicy any details on the trip. Dr. Constancio confirmed on Friday night that the ultimate purpose of the mission was to raise loans on the Euromarket with the aim of restructuring Portugal's short-term debt and of stimulating investment.

Dr. Constancio was hoping that the loan will eventually be around $500m. less than the $700m which had been optimistically forecast by some unofficial sources here.

Dr. Constancio's delegation will first spend a few days in Washington awaiting formal approval of the Portuguese Letter of Intent by the executive council of the International Monetary Fund. It will then leave for New York to join leading representatives of major Portuguese banks, including the Banco Portugues do Atlantico, Banco Espirito Santo, and Banco Pinto e Sottomajor, who will be negotiating with leading U.S. commercial banks.

The Portuguese authorities are hoping that borrowing from the Euromarket will ease pressure on reserves. The Bank of Portugal on Friday denied newspaper speculation here that it had been selling gold in recent weeks in settlement of short-term credits during last month.

● Normalisation of diplomatic relations between Portugal and Angola, interrupted two years ago, appears to have been placed on a firm basis with the arrival here yesterday of the first Angolan Ambassador to Portugal, Sr Adriano Joao Sebastiao.

On his arrival at Lisbon airport Sr Sebastiao said that there could soon be a meeting between President Ramalho Eanes, of Portugal, and President Agostinho Neto, of Angola, in a "Portuguese speaking country."

Meanwhile, Sr Basilio Horta, the Portuguese Minister of Trade, confirmed on Friday that he would lead a delegation to Luanda next month aimed at increasing commercial links between Portugal and Angola.

Relations between Portugal and her former African colony were marred in 1976 when a representative office in Oporto of Angola's MPLA party was burnt down.

Carter prepares to dispel foreign policy confusion

BY DAVID BELL

WASHINGTON, June 4.

MR. CARTER is to make a major speech on Wednesday in a fresh effort to dispel the confusion that now surrounds his Administration's attitude towards the Soviet Union.

Officials said this weekend that the President's speech will be among the most important he has made. For some weeks, but particularly in the last 10 days, senior officials have been sending conflicting signals about U.S.-Soviet relations, a process which culminated on Friday with a newspaper report that the Administration had effectively frozen further talks on strategic arms limitations for the time being.

After the President's unusually vehement denial of this report, it has emerged here that a week ago Mr. Andrei Gromyko, the Soviet Foreign Minister, caught the Administration off guard with a proposal that both the U.S. and the Soviet Union should ban all new land-based intercontinental missiles. If accepted, according to Administration officials, this would mean no further work on the U.S. M-X mobile missile, a new weapon whose mobility makes it much less vulnerable to a Soviet surprise attack than existing fixed-site missiles.

Officials insist that it is this proposal, and not Administration concern about Soviet and Cuban activities in Africa, that has led the U.S. to adopt a take-it or leave-it attitude in the current SALT negotiations. U.S. abandonment of the M-X would be extremely unpopular in Congress and would probably make it impossible for any new SALT treaty to get through the Senate.

It is not clear why the Russians chose to make a proposal of this kind so late in the day, but there is speculation that it may be a last-minute attempt to test the Administration's negotiating nerve.

The President's speech is doubly important because for some time he has seemed unable to decide between the view of Dr. Zbigniew Brzezinski, his national security adviser, that the Russians are taking advantage of U.S. weakness in Africa and elsewhere, and the views of Mr. Cyrus Vance, the Secretary of State, and others.

The latter argue that irrespective of Soviet activities in Africa and elsewhere the process of détente is too important to risk destroying it, at least as long as there is still a possibility of a significant agreement on strategic arms.

According to reports this weekend, SALT talks were very close to a successful conclusion before Mr. Gromyko's unexpected proposal. A key remaining obstacle, the Soviet Backfire bomber, has yet to be surmounted, but it is thought that Mr. Carter and President Leonid Brezhnev could overcome it in a personal meeting. When, or whether, such a meeting will be held remains an open question.

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Resignation may follow Schleyer search report

By Jonathan Carr

BONN, June 4.

HERR WERNER MAIHOFER, the West German Interior Minister, seems bound to come under increasing pressure to resign after the release at the weekend of an official report on the hunt last year for the industrialist, Dr. Hans Martin Schleyer, and his terrorist kidnappers.

The report finds that lack of co-ordination between political and police organisations meant that a "hot tip" received during the hunt was not followed up promptly.

The report, prepared by a former Minister, does not criticise by name either Herr Maihofer or Herr Burkhard Hirsch, the Interior Minister of North Rhine-Westphalia, the state in which Dr. Schleyer was captured.

But the nature of the recommendations and the exposure of errors during the hunt are widely seen as criticism of both men. Both are members of the Free Democrat Party which is in coalition with the Social Democrats in Bonn.

Herr Maihofer is already under fire—not only from the Opposition but from some members of the SPD over another case involving the federal border authorities, which come within his portfolio.

Andreotti asks banks to help chemical industry

BY PAUL BETTS

ROME, June 4.

ITALY's Government asked the country's banking system this weekend to extend new credits to the chemical industry, to avoid the threat of closures and widespread lay-offs in the depressed south.

The appeal was made after the meeting of an inter-ministerial committee for economic planning, presided over by Sig. Giulio Andreotti, the Prime Minister. Earlier the financially troubled Societa Italiana Resine (SIR) chemicals group announced the progressive closure of a number of its plants in Sardinia. If carried through, the closures could have serious repercussions in the island, where 100,000 people are out of work already.

There are fears that other large chemical groups, facing their worst crisis since the war, could also announce closures, which would hit the south particularly.

The crisis has been precipitated by the decision of the banks to stop advancing fresh funds to chemical groups, whose losses have now reached extravagent proportions. Montedison, Italy's largest chemical conglomerate, last year lost L500bn (more than £300m) and its accumulated debts amounted to about L3,400bn (£2.4bn).

The political consequences of mass lay-offs has forced the Government to intervene

The Christian Democrat minority Government, which is to hold talks this week with the other main parties on the crisis, says the much overdue reconstruction programme for the industry will be published later this month.

Desai to visit Europe and U.S.

NEW DELHI, June 4.

MR. MORARJI DESAI, the Indian Prime Minister, begins a visit to Europe and the United States tomorrow.

The 82-year-old premier flies to Belgium via Tehran, where he will stop for an hour's talks with the Shah. In Brussels he will have talks with the European Commission, representing India's major trading partners, before flying on to London 24 hours later for a two-day visit.

During an eight-day stay in the U.S. Mr. Desai will address the UN Special Session on Disarmament, and have talks with President Carter. Reuter

Sweeping victory for Bangladesh ruler

By Simon Henderson

DACCA, June 4.

Major General Zia-ur Rahman, the military ruler and President of Bangladesh, won an overwhelming victory in the Presidential election yesterday gaining about 80 per cent of the votes cast. But his main opponent, retired General M. A. G. Osmani, has alleged that large-scale rigging took place and a spokesman for his Democratic Unity Front has said it will not accept the result.

By early evening with over 95 per cent of the results announced, General Zia was leading with 15,041,540 votes as against 4,136,289 for General Osmani, his former superior and ex-head of the pre-independence liberation forces.

Of the other candidates the highest number of votes gained was by Hakim Maulana Khabiruddin Ahmed, with just over 72,000.

The turnout for the poll, seen by observers as an attempt by General Zia to further legitimise his rule, was only about 52 per cent from a potential electorate of 38m.

Both General Zia and General Osmani were leading six-party coalitions including Left and Right groups, and the month-long campaign focused on the issue of whether the presidential system of government should be retained or whether a parliamentary system should be revived. To this end General Osmani had been planning to resign almost immediately if he had won.

The rigging allegation included claims that Osmani supporters had been threatened with guns and ballot boxes had been stuffed with fictitious votes. General Osmani's Democratic Unity Front has filed a complaint with the Election Commission but today the Chief Election Commissioner, Mr. Justice A. K. M. Nurul Islam said it was baseless.

General Osmani is expected to address a Press conference tomorrow after meeting with the party leaders of his coalition. General Zia will hold a Press conference tomorrow evening.

The polling yesterday in Dacca and the surrounding districts appeared to take place calmly, though some correspondents reported that later in the day they had met scenes of near chaos in two polling station.

Final results from outlying areas are not expected until Wednesday or Thursday. The turn-out for the poll is substantially less than the 88 per cent who voted in last year's referendum when people were asked to show their support for General Zia's rule and gave a 98 per cent endorsement.

Lebanese army may enter south

BY LOUIS FARES

DAMASCUS, June 4.

MORE THAN 3,000 Lebanese regulars will enter southern Lebanon in the second half of June if Israeli forces withdraw to the geographic borders on June 13 as scheduled by the Israeli Government.

The Government daily, Al-Thaoura quoting "observers in the Lebanese capital," said: "Although no date has been fixed so far for the entrance of Lebanese troops into south Lebanon—as decided by Presidents Hafez Assad of Syria and Elias Sarkis of Lebanon during their 24-hour meeting in Lattakia earlier this week—these troops have been into a status of alert since in order to move south."

The Syrian leaders, however, are expressing publicly their fears that "Israel is stalling for time." and may not withdraw completely from the area. If this is the case, the joint Syrian-Lebanese plan "to assure legitimate authority of the Lebanese legal government in the whole south" will be jeopardised.

Syria has received assurances from the leadership of the Palestine Liberation Organisation (PLO) that the Palestinians have agreed "to co-operate with the new decisions." The head of the PLO's military department was quoted in the same paper: "The PLO can assure control over 90 per cent of the guerrillas, and it is not acceptable that the UN troops stationed in south Lebanon be harassed."

L. Daniel reports from Tel Aviv: The Israeli authorities may have to reassess their view of a Syrian military presence much closer to the Israeli border following the Assad-Sarkis agreement. In the past, Israel has objected to Syrian troops being close to the "red line" of the Litani river.

Ihsan Hijazi adds from Beirut: Palestinian guerrilla leaders are currently engaged in top-level contacts aimed at reorganising the entire military structure of the movement and the relationship of the eight main commando groups.

Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation, told a rally here yesterday the proposed reorganisation will take into consideration the experience acquired in fighting the Israeli army when it invaded southern Lebanon in March. He did not give details.

The main guerrilla group, Fatah, which is also headed by Mr. Arafat, is said to have proposed that the guerrillas in Lebanon be brought into one "People's Army" under a central military command.

NYC pay deal expected before Senate deadline

BY JOHN WYLES

NEW YORK, June 4.

MR. EDWARD KOCH, mayor of New York and union leaders representing 225,000 municipal employees are confidently predicting today that they will reach agreement on a new pay deal before Tuesday's crucial Senate hearings on a new federal aid programme for the city.

After parting in deadlock on Thursday, the two sides are meeting this evening to put the finishing touches to a two-year contract giving 8 per cent pay rises and costing the city a total of $1.1bn.

It appears that Thursday's "collapse" of the pay talks was a piece of theatre by the mayor who was anxious to preserve the hard-line, tight-pursed reputation with which be was elected last November.

The mayor has had to make a number of concessions to secure a possible agreement. He has almost certainly conceded more in pay rises than he would have wished and he has failed to obtain the $100m a year in special payments which he wanted the unions to renounce.

The mayor could argue before the Senate banking committee on Tuesday that the municipal pay contract is within the city's extremely limited financial means. It remains to be seen whether Senator William Proxmire, the committee's chairman, who opposes any more financial help for New York City, and his colleagues can be be convinced that the pay negotiations have been an exercise in fiscal responsibility.

Without a pay deal there would be very little prospect of congressional approval for a new federal aid programme before the existing aid package expires on June 30. In contrast to this programme which has provided the city with $2.5bn of seasonal loans repayable at market rates of interest within 12 months, the new federal proposals would provide only guarantees for up to $2bn over a 15-year period.

The city's capital requirement for the next four years is $4.5bn, $2bn of which it hopes to secure from state and union pension funds with the help of the Federal Government guarantees.

In addition New York City banks and savings institutions have promised to buy a further $1bn of bonds issued by the Municipal Assistance Corporation, without any federal guarantee.

Muted welcome faces envoys to Rhodesia

By Tony Hawkins

SALISBURY, June 4.

MR. JOHN GRAHAM, the British envoy involved in renewed Rhodesian settlement efforts, will find little enthusiasm for a new all-party conference on Rhodesia when he arrives here tomorrow.

Mr. Graham, accompanied by Mr. Stephen Low, the U.S. Ambassador to Zambia, will try to convince the Rhodesian transitional Government that it is in its interests to agree to new talks with the Soviet and Cuban-backed Patriotic Front guerrillas.

The Rev. Ndabaningi Sithole, the current chairman of the four-man Rhodesian transitional Executive Council, said last week that although the Council was willing to listen to the views of the Anglo-American envoys its position on an all-party conference on Rhodesia had not changed.

Mr. Sithole said that the Executive Council wished to re-affirm its determination to implement the "internal settlement" signed on March 3, rather than participate in new talks with the guerrillas. Mr. Sithole also emphasised that the Anglo-American visit was taking place on the understanding that "substantive discussions" would take place between the envoys and the transitional government.

The official statement said it was anticipated that the envoys would spend up to two weeks in Rhodesia. The fact that there is remarkably little interest in the visit reflects Salisbury's continuing belief that the only chance of a remotely peaceful hand-over to majority rule lies with the internal settlement.

A Defence headquarters bulletin tonight said Rhodesian security forces had killed 12 guerrillas and five "collaborators" for the loss of one white policeman.

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'Bhutto in exile' proposal

BY ANDREW WHITLEY

TEHRAN, June 4.

PAKISTAN'S military rulers are prepared to allow Mr. Zulfikar Ali Bhutto, the former Prime Minister to go into exile, on certain conditions, according to a report in an Iranian newspaper. Mr. Bhutto is at present appealing against the death sentence passed on him more than two months ago.

Emissaries from Pakistan are said to have been sounding out foreign Heads of State, to secure a guarantee that, if Mr. Bhutto is exiled, he will stay out of politics for 10 years.

In a report from New Delhi, Kayhan International says General Zia ul-Haq has let it be known that the guarantee of two Heads of State will be necessary to prevent the death sentence being carried out.

Diplomatic sources here say the most obvious candidates for this role are the Shah of Iran and King Khalid of Saudi Arabia, though it is not known if they would be willing to become involved.

WORLD TRADE NEWS

Iran ordnance deal will bring UK £400m orders

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITAIN'S MECHANICAL engineering industry will collect orders worth around £400m over the next year for plant and machinery for the Isfahan ordnance complex in Iran.

Some industry sources suggest that the complex will require at least £100m of machine tools alone from the UK.

Discussions about the deal have been going on for about three years but the way was cleared for a final go-ahead with the signing of a protocal agreement in Tehran on May 10.

Now UK industrialists expect Millbank Technical Services, the contractual arm of the Ministry of Defence, to start placing contracts possibly within weeks and certainly in only a few months' time.

The complex will turn out a wide range of ammunition as well as spare parts (such as gun barrels) for Iran's Chieftain tanks. Informed estimates of the cost put it at around £770m.

Completion will probably take three to three and a half years.

The UK will also benefit from the civil engineering contracts to be placed as the Wimpey-Laing consortium seems likely to get the lion's share of that business.

One of the major reasons for the delay in the project—if it had gone ahead as originally planned it would have coincided with the depths of the recession in the UK mechanical engineering industry—was the question of payment.

It now seems almost certain that Iran will not pay cash but will insist on payment in oil. This will involve MTS finding an oil company willing to buy quantities of Iranian oil over and above its normal requirements. The funds Iran obtains from the sale would then be put into a separate account to pay the contractors.

A precedent for this arrangement was set by the deal worked out by Iran with General Dynamics of the U.S. and Ashland Oil over the purchase of the F-16 fighter.

Site work on the complex began as long ago as 1975 as it is normal practice in Iran for such work to start before contracts have been finalised. However, more than a year ago some of the companies involved found that progress payments were no longer being made. It was at that stage that Iran introduced the idea of payment in oil.

Afghan tractors sale

BY OUR INDUSTRIAL STAFF

FARM MACHINERY worth nearly £3m is being supplied to Afghanistan by Massey-Ferguson, mainly from its UK plants, under two contracts which the group says were won "in the face of intense international competition from virtually all other major manufacturers."

The first order, for tractors and implements worth nearly $4m, has been financed by the World Bank's International Development Agency and is from the Afghanistan Agricultural Bank. It includes 400 MF135 tractors made at the Coventry plant and matched sets of implements to be supplied from the UK and three other countries.

The equipment will be offered by the Bank with credit arrangements for purchase by individual farmers.

The other order has been placed by Afghan Seeds Company and involves the supply of 26 Coventry-made MF185 tractors and 13 MF520 Super II combines made at the Kilmarnock, Scotland, plant, together with a quantity of implements and other machines.

The deal, worth over £700,000 and funded by the Asian Development Bank, will provide equipment for four farms which the seeds company operates in the Kandahar area.

Apart from one other M-F machine supplied last year, these are believed to be the first combines made in a Wstern country to be sold to Afghanistan for at least ten years.

On both contracts M-F will provide the Afghan authorities with a substantial programme of training support in the management, operation and maintenance of the equipment.

Renault may double capacity in Turkey

BY TERRY DODSWORTH

RENAULT, THE French motor group, is considering plans to expand production at its associate company in Turkey to more than double its present capacity of between 40,000 and 50,000 units a year.

The Turkish concern, Oyak-Renault, in which the French company has a 44 per cent stake, would like to develop on the base of its present R12 production into manufacturing the new R18 in two to three years time.

A detailed programme has been worked out with a view to putting this to the Turkish Government, which controls the industry through licensing agreements, towards the end of this year.

But before taking this step, Renault will almost certainly press for Turkish commitments on remittance of royalties and relaxation of price controls.

The problem facing both the company and the Government at the moment is that Turkey is in a balance of payments crisis. This makes the future for investments in the country uncertain, while putting a damper on any plans for development likely to suck in more imports.

On both counts the Renault project will cause difficulties. Renault has to have some assurance that it will be paid for its services and parts exports, while any development is bound to demand the import of more foreign machinery.

So far, however, Oyak-Renault has managed to overcome the crisis by keeping its plants working at almost full capacity of about 180 cars a day. It has managed to do this by arranging various barter and financing deals to overcome Turkey's foreign currency shortages.

By contrast, Fiat, its major competitor, which has a joint company with the Koc Group, has cut output from 160 units a day to about 90. This reduction has come partly because Fiat which has also arranged barter deals, has decided to put its main effort into maintaining output in its truck operations in the country.

There is no doubt that the Turkish Government would like to expand output in the country if it can find some way of bearing the strain on its balance of payments.

These difficulties have caused a number of companies to cut off supplies of engineering products recently, among them Massey-Ferguson tractors of Britain, but the hope is that exports can be built up to compensate for the outward drain on funds.

The motor industry will clearly be asked to help in this area, and will be required to export five per cent of production as output builds up. To this end, Oyak-Renault has been looking at a number of overseas markets recently, and sees opportunities for developing overseas sales mainly in the Arab states of North Africa.

● Creusot-Loire company Wean-Damiron won a contract worth over FFr 100m from the Soviet Metallurgimport for the supply of metal sheet production lines which should be in service by 1980.

Chinese mission shows keen interest in British industry

BY COLINA MACDOUGALL

FOLLOWING THE success of the British steel industry in gaining invitations from the recent Chinese steel mission to visit China there is considerable interest in the outcome of Peking's other industrial delegation led by Ku Ming, Vice-Minister of the State Capital Construction Commission which also spent over two weeks in Britain last month.

Ku Ming had an extremely successful meeting with Dr. David Owen, Foreign Secretary, and also held discussions with the Secretaries for Trade, Energy, Transport and Agriculture. His delegation toured British coal mines, ports, power stations, railways, petrochemical plants and oil installations, specifically to examine advanced technology.

To cover the widest possible ground, the mission split up into three parties for two weeks of the tour. However, the whole mission took part in the trip to the advanced gas cooled reactor at Hinkley Point "B" power station which the Chinese had particularly requested. They were also interested in the organisation and management of the electricity supply industry, the handling of the fluctuations in demand and the comparative costs of oil, coal and nuclear power generation. Since the present Peking leadership came to power in 1976 its official Press has frequently pointed out the inadequacy of its own power industry.

Vice-Minister Ku's group visited the National Coal Board's research and development establishment at Stanhope Bretby, where they were particularly interested in the use of computers and remote control, especially the automatically regulated decanting of coal onto conveyor belts for delivery direct to nearby power stations. China has already bought large quantities of British mining equipment, and Peking's Foreign Trade Minister said on his visit here last autumn that it intended to do so again.

Mr. Ku's tour also included IMI Titanium at Birmingham where he visited the production plant and held a question and answer session with members of the main IMI Board. The Chinese are thought to be particularly interested in titanium processing because of its use in aero engines, particularly in the Rolls-Royce engines in the Trident aircraft they have bought.

The Chinese have no titanium industry of their own though the country has ore deposits of the metal. Their interest clearly stems from their recognition of its resistance to corrosion in, for example, the chemical or coastal power industry, and its high strength-to-weight ratio which makes it valuable to the aircraft industry.

This visit was followed by one to the ICI petrochemicals plant on Teesside, the largest of its kind in Europe and useful to the Chinese as an example of integrated development. They showed keen interest in management, safety and environmental problems as well as in all the technology.

Part of the delegation also visited the port of Hull and Immingham where they were impressed by the modernisation grafted onto old construction. This experience is particularly relevant to China's needs, as its much expanded programme of foreign trade cannot be carried out successfully until loading and transport work in Chinese docks is speeded up.

Pressure for bulk ship cartels

BY IAN HARGREAVES

PRESSURE FOR forming two separate cartels in the bulk shipping markets will be the main item for behind-the-scenes discussion among ship owners at this week's Posidonia Shipping Exhibition here.

Of the two, the oil tanker scheme, known as International Tanker Services, is the closer to fruition and relies for its progress on support from key Greek owners.

It originated in Scandinavia, where owners took the first shock wave of the tanker market collapse in 1974-75 and some of the Scandinavian owners will be among those attempting to tie up an agreement here this week.

The scheme's originators believe that 40m deadweight tonnes of tanker shipping is required to make the scheme work.

Scandinavians have already guaranteed half that figure and letters of intent are understood to have been signed by the biggest Japanese owners, Sanko and Japan Line.

This leaves only one critical gap—the Greeks, whose reaction remains unknown.

A second cartel scheme for dry bulk trades known as Intercargo, originated in Pireaus under Mr. Antony Chandris, president of the Union of Greek Ship Owners.

His plans involves, like International Tanker Service, agreed lay-up of surplus tonnage in order to push freight rates beyond their present loss-making levels.

It is at a much earlier stage of development than the tanker pool, and is not generally given much chance of success, although Terminal Operators, a London consultancy company, has been commissioned to write a report on its prospects.

World Economic Indicators

RETAIL PRICES

	Apr. '78	Mar. '78	Feb. '78	Apr. '77	% Change over earlier year	Index base year
U.K.	194.6	191.8	190.6	180.3	7.9	1974=100
Holland	119.8	119.0	118.0	115.6	3.6	1975=100
Italy	129.9	128.5	125.9	114.4	12.6	1976=100
Belgium	126.8	126.7	125.38	120.5	5.2	1975=100
W. Germany	145.0	144.5	144.2	141.5	2.4	1970=100
France	195.5	193.4	191.7	177.1	9.0	1970=100
U.S.	191.5	189.2	188.4	187.2	0.9	1967=100

Canadian rail cars contract

TORONTO, June 4.

Hawker Siddeley Canada has received a C$26m order for 700 covered hopper rail cars, 500 of which are being built for Canadian General Transit, a leasing company which is 55 per cent owned by Hawker Siddeley and 45 per cent by General American Transportation. The other 200 are for North American Car Canada. Delivery is scheduled later this year.

Meanwhile the Toronto office of George Wimpey Canada has been awarded four contracts totalling more than £4m. The biggest, worth £3m is from the Ontario Ministry of Transportation and Communications, for building a four-lane seven-mile extension of the Don Valley parkway north of Toronto.

SHIPPING REPORT

Firmer rates maintained

BY LYNTON McLAIN

A SMALL reduction in the amount of available tonnage out of the Middle East last week helped maintain the firmer rates which have become the main feature of tanker operations since April.

Very large crude carrier fixing was confined to period employment in contrast to the previous week. One U.S. oil company called for large tankers for one, two and three year time charter with early delivery. Up to five ships may have been concluded. The rate structure varied between Worldscale 24 for 12 months to 22 for three years.

The order was proposed at the end of the previous week. Within days 20 vessels had been proposed by owners anxious about future trading from other sectors.

There was no evidence of new VLCC business last week, but brokers hoped that resolution of the proposed Japanese storage scheme would come by the middle of June. Up to 10 VLCCs would be taken off the market for use as storage and a further five could join them in September. This should aid market conditions towards the last quarter of the year.

Elsewhere the American coast proved to be a difficult area. Brokers advised owners to fix business with speed when it does pick up to avoid redundancy and more lay-ups.

Tanker lay-up figures at June 1 showed that 53.3m dwt are now idle, representing 469 vessels, including 68 combination carriers and 85 dry bulk carriers where the market for dry cargoes is slowing the rate of increase of lay-up.

Eggar Forrester, brokers, forecast on Friday that the imbalance between the Pacific and the Atlantic, where rates have firmed considerably since April, will not be sustained for long. Rates may level out, particularly for smaller tonnage.

The recent spate of chartering activity in the dry cargo trades has been largely grain-based. Brokers reported on Friday that during May this activity had strained loading facilities in many grain ports. At Buenos Aires, grain ships waited up to 30 days for off-loading, the main problem being a shortage of rail trucks and lighters.

This port congestion, at discharge and loading points, has had an impact on available tonnage, maintaining rates. When the problems are resolved, owners must expect rates to slide marginally.

Contracts

● Niigata Engineering has won a Riyal 176.8m contract to build an 88-mile oil pipeline in Saudi Arabia by the end of next year, capable of carrying 300,000 barrels of oil each day, to link Riyadh with the Khurays fields to the east. The contract, which includes building two pumping stations and terminal station, was awarded by Saudi Arabia's general petroleum and minerals organisation Petromin.

● Bedford, the Vauxhall truck manufacturing subsidiary, last week passed the half-million mark for production of its TK model. The TK, first introduced in 1960, is claimed to be the first British truck to be built in such large numbers. Half of its output has been exported, with Portugal, Australia and the Benelux countries being the main purchasers.

● The SPP Group has won an order valued at £1.5m for pumps and ancillary equipment for a major sewerage scheme in Kuwait, placed by the Hyundai Construction of South Korea with whom the Kuwait Ministry of Public Works, Road and Drainage Department has placed the main contract.

● Ferranti has an order worth over £1m from the Dutch company Rotterdam-Rijn Pijpleiding MIJ, for an oil pipeline telecontrol system. It will consist of an Argus-based computer control centre and a telemetry system. System applications software will be supplied by the Rotterdam company, Logica.

● Decca has won a contract for the supply and installation of navigation systems for the new Hewanorra international airport at St. Lucia, Windward Islands. The contract was negotiated by the Crown Agents acting for the Ministry of Communications of the Government of St. Lucia. The equipment should be operational by the autumn.

● Siemens medical division has won a $1.6m contract to instal two computerised exial Tomography scanners which will be installed at a government hospital and at a private clinic.

State aid 'vital for saving tin mines'

By Paul Cheeseright

REGIONAL DEVELOPMENT grants for mining must be restored by the Government if the UK industry is to survive, according to the Cornish Chamber of Mines.

Mr. K. A. Gilbert, the chairman, told the chamber's annual meeting in Camborne that Government aid was necessary not only for exploration but also for surface treatment plants.

His remarks follow the recent closure of the Mount Wellington tin mine, owned by Cornwall Tin and Mining, and by the placing on a care-and-maintenance basis of Wheal Jane, the Consolidated Gold Fields operation.

Regional development grants were withdrawn from April last year and since then it has been necessary for the mining companies to seek finance elsewhere. Costs have been increasing, however.

Concern

"The day is gone when for a fairly modest investment, a mining company could expect to make a reasonable profit," said Mr. Gilbert.

His particular concern was the need for the industry to come to terms with the mining of low grade and complex ores. More effort should be put into metallurgical research.

Grants were essential for surface treatment plants which "will need to be more complicated and costly."

Mr. Gilbert said that the price of tin was below economic levels for some of the local producers. The chamber's annual report states that a floor price of between £6,000 and £6,300 a tonne is needed.

Internal rows delay formation of Britel

BY JOHN LLOYD

THE formation of Britel, a joint British consultancy group aimed at improving the flagging performance of the UK telecommunications industry on world markets, is delayed because of divisions among participants on the role and scope of the organisation.

Discussions on Britel have been going on for more than a year between the National Economic Development Office, and the Post Office, Cable and Wireless and International Aeradio.

In a NEDO report published last year, Sir Raymond Brown was in favour of a consultancy composed of the three organisations which would be largely concerned with the marketing of System X, the computer-controlled telephone exchange system reaching the final stages of its development by the Post Office and its three major manufacturers, GEC, Plessey and Standard Telephones.

The constituent members of the Britel project agree on the need for a common marketing organisation for System X. The problem arises over the degree to which Cable and Wireless and Aeradio will be required to sink their individual identities into the new project.

While both in effect are State-owned—Cable and Wireless was nationalised in 1947, and Aeradio's majority shareholder is British Airways—they are strongly independent and increasingly compete with each other.

The Post Office and NEDO are keen that Cable and Aeradio pool expertise to a substantial extent and that Britel takes on the functions both of a consultant and of project management.

Project management entails working closely with a manufacturer once the contract has been awarded. Cable and Aeradio feel that if Britel took on this role, it would be seen by clients to be simply a marketing front for System X.

Upgraded

They have built up their business in the world market on the basis of recommending and installing the systems they judge to be best suited for the contract. Since the UK does not offer a fully electronic system, the companies increasingly have tended to choose systems offered by foreign manufacturers.

In addition, Cable recently has upgraded its project management division and is moving into areas—such as the provision of communication systems for airports and hotels—in which Aeradio is strong.

Besides fears that their areas of operations will be eroded, Cable and Aeradio have expressed concern over the manufacture of System X. It will be broken up between GEC, Plessey and Standard Telephones and manufactured in a number of locations.

While the manufacturing companies remain distinct entities, it is felt that the system might have to be priced at an uncompetitively high level, especially since it will be competing with foreign systems which have been in production for some years.

There is further disquiet over the future role of Standard Telephones, a subsidiary of ITT, which manufactures an electronic system, the Metaconta, in Europe. Metaconta and System X will be in direct competition.

It is thought that a merger, at least of the UK-owned telecommunications divisions, is a necessary step if there is to be effective marketing overseas. However, moves in this direction have not been announced.

Far Eastern funds lead

BY ERIC SHORT

FAR EASTERN, Japanese and Australian funds are the best performers this year among the unit trusts according to the latest tables issued by Planned Savings. These show that up to the end of last month, the leading positions were occupied by funds based on these markets.

The top spot is held by M and G's Far Eastern Fund with a rise of 41.5 per cent so far this year. The group's Japan Fund is seventh with a rise of 26.3 per cent and its Australasian fund is eleventh with a gain of 23.4 per cent. Gartmore Far Eastern, in second place, showed a rise of 36.8 per cent.

The UK equity market has performed rather sluggishly this year, the F.T. Actuaries All-Share Index, with income reinvested, rising by only 2.6 per cent. Nevertheless 250 out of the 355 funds in the table showed a better performance than this index.

Tyne link by National Bus offshoots

By Paul Taylor, Industrial Staff

TWO National Bus Company subsidiaries plan to join Tyne and Wear passenger transport executive in a partnership to run Tyneside's bus and metro services.

Under the scheme, outlined in a joint policy statement by Tyne and Wear County Council, Northern General Transport, United Automobile Services and the executive services will be run on a corporate basis but individual operators will retain control of their own assets.

Agreement in principle has been reached in anticipation of the planned opening of the first stage of the metro in the summer of 1979. Previous co-ordination plans have had to be abandoned because of opposition from National Bus and the unions to a pooling of assets. However, it is hoped that the executive committee will be able to integrate bus and metro services without, initially at least, pooling these assets.

Joint negotiating committees are planned under which the executive committee will talk directly with unions on pay and conditions and consider related bonus or parity payments for the bus companies' staffs.

Travel service

British Airways, British Rail and the British Tourist Authority launched their first joint marketing operation with the opening of the British Travel Centre in Frankfurt. The prospective tourist can obtain not only advice on where to go but can buy the tickets for getting there.

Safeguards on prices 'badly constructed'

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission is believed to have told the Department of Prices that the safeguards written into price controls are badly constructed and arbitrary in application.

The implication behind the comments is that the safeguards, which protect a company's profits during and after one of the commission's three-month investigations, should be rewritten.

Mr. Roy Hattersley, Prices Secretary, has said that he is reviewing the safeguard provision which have been critcised by some Labour MPs on the grounds that they make a mockery of the controls.

The Minister has not made a decision on whether to change them but time is running short because the obvious time to do this would be when margin controls expire at the end of July and certain other consequential changes will have to be made to the existing orders.

He has indicated that he would make his decision partly on the basis of advice from the commission which has the job of administering controls.

'Waste of time'

The commission apparently has confined itself largely to technical criticisms of the safeguards. The comments may not be strong enough to give Mr. Hattersley evidence he would need to push through Parliament any major tightening up of the provisions. To do this he would probably have preferred explicit instances of how the commission's work had been impeded by the safeguards.

The most fundamental criticism made by the commission concerns the clause which prevents it restricting a company's prices if doing so would reduce its net profit margin on turnover to less than 3 per cent.

The commission is believed to have told Mr. Hattersley that this clause means it is a waste of time investigating many inefficient companies which are making less than 3 per cent to begin with.

Although the commission is not thought to have named names, it is believed to feel that this clause is particularly inhibiting in relation to the nationalised industries.

It also has criticised those safeguards which relate to a company's past profit performance. It is understood to have argued that such a comparison becomes increasingly meaningless as times goes on.

The commission has pointed out that, with the end of margin control this summer, companies will not have the necessary figures for calculating their safeguard entitlements unless they keep a separate set of accounts particularly for that purpose.

This is because some of the safeguard provisions relate to the units used for profit margin control.

Mr. Hattersley always has been opposed to numeric safeguards on principle but agreed to include them in the controls, introduced last summer, after an outcry from the Confederation of British Industry.

The commission has taken the view that it is not its job to decide whether or not safeguards are a good thing per se—although some members undoubtedly would prefer a more discretionary system of safeguards.

The clear message to Mr. Hattersley is that the present provisions are clumsy to administer.

Varley attacks Tory State industry plan

A FRESH attack on plans outlined in a Tory report to hive off profitable sections of nationalised industries was launched yesterday by Mr. Eric Varley, Industry Secretary.

He told delegates representing 123,000 Post Office workers that State industry employees would be regarded as easy meat for a fight.

Mr. Varley was speaking at the opening session of the annual conference of the Post Office Engineering Union at Blackpool.

The existence of the Tory report, prepared by a study group chaired by right-winger Mr. Nicholas Ridley, MP for Cirencester and Tewkesbury, was confirmed last week.

Mr. Varley added: "The punishment being planned for these workers includes wrecking industries and selling off coal mines and shipyards."

The Tory leadership was split—and only Mrs. Thatcher could clear up the disunity.

Water charge payment by instalments urged

BY LYNTON McLAIN

LEGISLATION TO force Britain's water authorities to accept payment by instalment to ease the burden of charges, should be introduced as soon as possible, the Association of Metropolitan Authorities said yesterday.

The association also wants an investigation into a rebate scheme linked with the rebates given against local authority rate payments.

Councillor Jack Smart, chairman of the association, said: "We want to see legislation that will oblige the water authorities to adopt schemes similar to those for the payment of local authority rates."

The chairmen of the water authorities have already given an undertaking to government to accept payments by instalments whenever that may be required, but so far the Government has not requested such a move.

IN BRIEF

ClydeDock Engineering may buy Greek yard

ClydeDock Engineering, the ship-repairing company formed last year, is interested in buying the Neorion Shipyards on the island of Syros.

Mr. Rankin Durnin, the company's financial director, has visited the yards, which closed down in March, but negotiations are still at a very early stage.

ClydeDock Engineering, which was founded by Mr. R. E. Butler with £1m capital, has the backing of a group of Scottish businessmen and the Scottish Development Agency, which announced a £100,000 investment in the company in April last year. The company operates from the former yard of Alexander Stephen (Shiprepairers) at Govan.

The Neorion Shipyards were operated by the N. J. Goulandris group, which closed the yards and laid off about 1,200 workers after a series of strikes compounded financial difficulties caused by over-capacity in the industry.

According to the Greek magazine Naftiliaki International, the yard represented an investment of £11m-£13.7m. ($20m-25m) when it closed but had credits of £9.9m ($18m) from the National Bank of Greece and £5.8m ($10.5m) from the Development Bank of Greece.

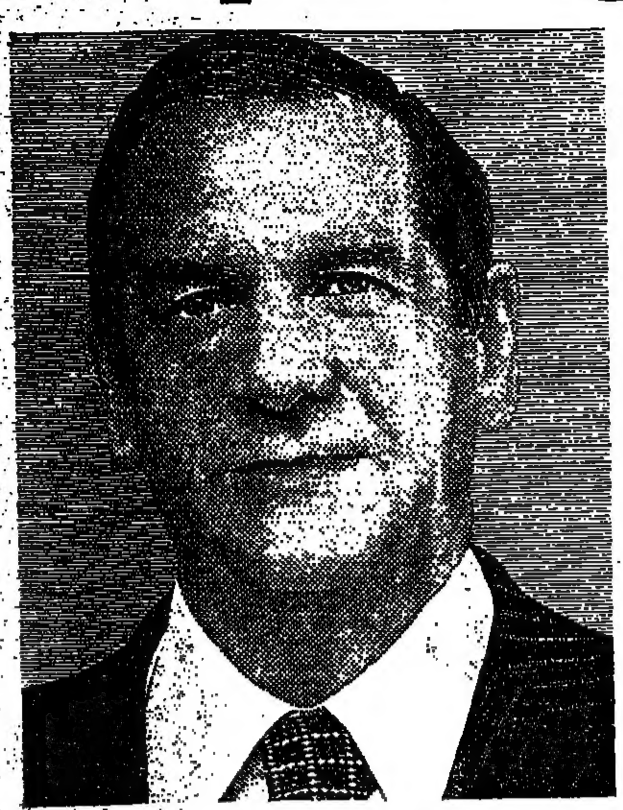
Flow of wine

Clearances of all types of imported wine in March increased 711,000 gallons or 12.7 per cent to 6.3m gallons compared with March last year. This took the first-quarter total to 13.6m gallons, a rise of 2.68m gallons or 24.5 per cent on the same period of last year.

Scottish affairs

Scotish economic performance and political developments will be assessed at a conference in Edinburgh on June 26 and 27 which has been organised by the Financial Times. The speakers will include Mr. Gregor MacKenzie, Minister of State for Scotland, and Mr. Edward Taylor, Shadow Scottish Secretary.

"There was never any question of us opening anywhere else in Britain. It had to be Scotland."



Adam Thomson, Chairman, The Caledonian Airways Group.

"We chose Prestwick for our new Aircraft Engine Overhaul and Test Plant because it provides all the facilities needed for cost effective operation. With the area's history of aviation work, there's a ready pool of labour capable of tackling such specialist engineering.

S.D.A. involvement enabled us to embark on this exciting development and afforded The Caledonian Airways Group, parent company of B. Cal., the opportunity to help support the Scottish economy".

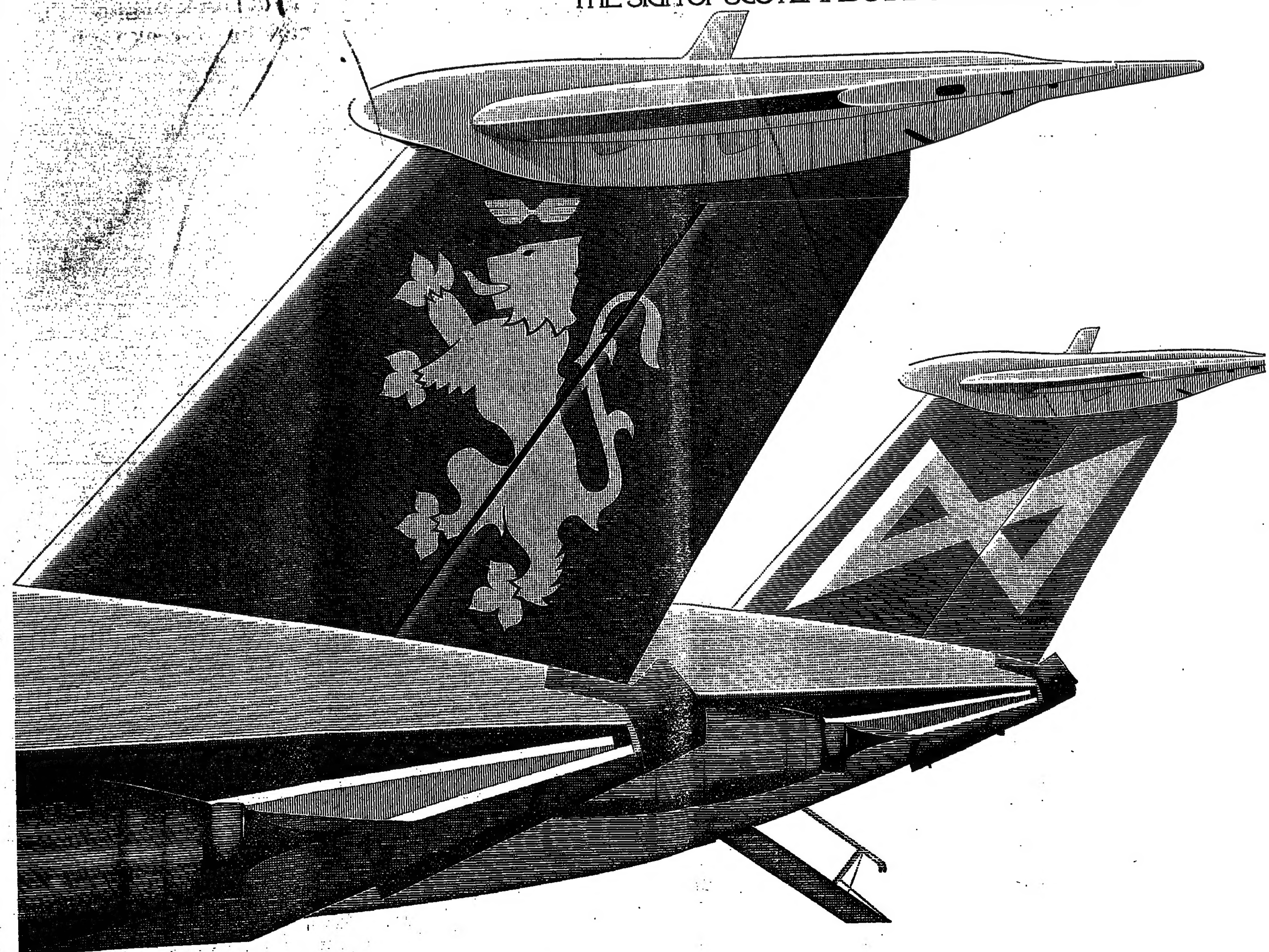
The Caledonian Airways Group and the Scottish Development Agency have got off to a flying start at Prestwick. The opening of this new aero-engine plant will create up to 250 new jobs by the mid-80's. It's just one illustration of how the S.D.A. can provide financial assistance to aid the expansion of industry where growth potential exists.

The Scottish Development Agency has been formed to promote industrial and economic growth throughout Scotland. With a budget of up to £300 million, we can provide a variety of financial incentives and factory accommodation to help companies expand and spread their wings.

To find out more, contact James Gorie, our Director of Information, at the address below.

Scottish Development Agency
120 Bothwell Street, Glasgow G2 7JP.
Tel: 041-248 2700 Telex: 777600

THE SIGN OF SCOTLAND'S INDUSTRIAL GROWTH.



COMPANY NOTICES

CIMENTS LAFARGE

7½% 1972/1987 FF 100,000,000

Notice is hereby given to bondholders of the above-mentioned loan that the amount redeemable on July 1, 1978, i.e. FF 3,000,000 was bought in the market.

Amount outstanding: FF 85,000,000

Luxembourg, June 5, 1978.

THE TRUSTEE,
FINIMTRUST S.A.

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Chief Accountant's Office (Bank Buildings) Bank of England, London EC2R 3EU on Monday 12th June, at 12 noon for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967 to the amount of £25,000,000.
2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday 15th June 1978 and will be due 91 days after date without days of grace.
3. Each Tender must be for an amount not less than £25,000 and must specify the net amount per cent. (being a multiple of one new halfpenny) which will be given for the amount applied for.
4. Tenders must be made through a London Banker, Discount House or Broker.
5. The Bills will be issued and paid at the Bank of England.
6. Notification will be sent by post, on the same day as Tenders are received, to the persons whose Tenders are accepted in whole or in part and payment in full of the amounts due in respect of such accepted Tenders must be made to the Bank of England, by means of cash or by draft or cheque drawn on the Bank of England not later than 1.30 p.m. on Thursday 15th June, 1978.
7. Tenders must be made on the printed forms which may be obtained either from the Bank of England or from the Council's Offices at The County Hall.
8. The Greater London Council reserve the right of rejecting any Tenders.

M. F. STONEFROST,
Comptroller of Financial Services.
The County Hall,
London SE1 7PB.
5th June, 1978

LONDON AND MANCHESTER ASSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the Company will be closed from 12 to 26 June 1978, both dates inclusive.

Transfers should be lodged with the Company's Registrars Spain Brothers & Company at 10 Bank Street Tonbridge, Kent by 4.00 p.m. on 9 June 1978.

By Order of the Board
J. M. D. COOPER, Secretary.
5 June 1978.

QUEBEC CENTRAL RAILWAY COMPANY

CAPITAL STOCK

In preparation for the payment of the half-yearly dividend due 15th July, 1978, on the above Stock, the Transfer books will be closed at 3.30 p.m. on 23rd June and will be re-opened on 27th June, 1978.

W. E. REEVE,
Assistant Secretary.
50 Finsbury Square
London EC2A 1DD.
5th June, 1978.

KALGOORLIE SOUTHERN GOLD MINES
(No liability)
(Incorporated in Victoria)
Registered Office: c/o Fell & Starkey,
351 Collins Street
Melbourne, Vic. 3000.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the above named company will be held in the Stock Exchange Meeting Room, 1st Floor, 351 Collins Street, Melbourne, 3000 on the twenty-first day of June, 1978 at 12 noon, for the purpose of considering and, if thought fit, passing the following ordinary resolution:

Ordinary Resolution.
"That the Company purchase the 50 per cent. shareholding of Universal Milling Company Pty. Limited in Three Springs Talc Proprietary Limited for a consideration totalling A$1,800,000."

Dated this 29th day of May, 1978.
By Order of the Board,
J. C. STACY, Secretary.

COMPANY ANNOUNCEMENTS

THE COMMERCIAL BANK OF AUSTRALIA LTD. GROUP

MR. D. W. STRIDE,
Managing Director, will continue as a Director of the CBA Group of Companies following his retirement from the Bank of June 30th.

OVERSEAS PROPERTY

ART GALLERIES

CLUBS

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of
No. 001672 of 1978
A. S. P. (ENGINEERS) LIMITED
No. 001673 of 1978
HALECARD LIMITED
No. 001674 of 1978
JEKNAR LIMITED
No. 001677 of 1978
VULLEON LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 23rd day of May 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 26th day of June 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
Kings Beam House,
39-41 Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of June 1978.

No. 001686 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of EUROTONE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 24th day of May 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 26th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of June 1978.

PERSONAL

HOME NEWS

Worker-director proposals 'ignore middle managers'

BY LYNTON McLAIN

THE BRITISH Institute of Management has called for a meeting with the Prime Minister to discuss "totally unacceptable" aspects of Government proposals for employee participation in management, Mr. Roy Close, the institute's director-general, said in Glasgow at the week-end.

He said the institute was worried that little attention had been paid to junior and middle managers in the White Paper on industrial democracy, published on May 23.

The proposals on employee participation had no adequate safeguards on the role and status of managers. Trade unions, on the other hand, would have rights backed by law.

The meeting called for with Mr. Callaghan would be to discuss the manager's role in participation agreements. So far, the voice of these managers had been ignored in the Government proposals, Mr. Close said.

Trade unions would have an effective veto on allowing managers into the proposed joint representation committees. This was totally unacceptable to the institute.

Decisions

The two main proposals from the Government were to give employees a voice in company planning and a seat on the Board through a representative.

In companies employing more than 500 people, employers should be under a legal obligation to discuss all major proposals affecting the workforce with workers' representatives before decisions were made, the White Paper said. These proposals would include investment, mergers, takeovers, expansion or contraction of works and organisational changes.

Employees in companies with more than 2,000 people would have the right to representation on the Board if the White Paper proposals were accepted.

Where a voluntary agreement for employee directors to join the existing Board could not be agreed, employees, the White Paper said, should have the right to appoint one-third of the directors to the top Board of a new two-tier structure, or to the existing Board where this was acceptable to the company.

Squeeze 'will slow economic growth'

By Michael Blanden

A RENEWED, serious squeeze on company finances next year will contribute to the slow general growth of the economy, Phillips and Drew, stockbrokers, say today.

The problem, the brokers add in their latest economic forecasts, is unlikely to reach the same proportions as in 1974. Nevertheless, they indicate in a special analysis that, leaving aside North Sea oil production, the industrial and commercial sector could be in underlying deficit to the tune of £3½bn.

This would be by far the largest figure since the £4½bn. recorded in 1974. The impact, taking account of inflation, would be much less serious.

"But it does seem consistent," the brokers conclude, "with our forecast of an economic slowdown next year as various sectors of the economy begin to suffer from the strains imposed by the present Government policy of inducing a large rise in disposable real incomes this year."

Their general economic forecasts indicate that during 1979 retail prices will rise by 11-13 per cent, nearly as fast as earnings. This will leave scope for a rise of only 1½-2 per cent in personal disposable real incomes, after an increase of 6-7 per cent this year.

The growth of real gross domestic product is expected to slow to 2 per cent in calendar 1979, from 2¾ per cent this year. This will result mainly from a fall in the growth of consumers' real expenditure from 5 per cent to less than 2½ per cent. Manufacturing investment also is expected to slow down.

Industrial relations charter recommended

BY RHYS DAVID, NORTHERN CORRESPONDENT

A CHARTER for industrial relations which would commit Merseyside management and unions to improving the area's reputation with potential investors is recommended in a report drawn up for the Department of Industry.

The report commissioned last year to suggest solutions to Merseyside's chronic unemployment, concludes that the area can be regenerated, but that the effort will have to come mostly from within.

It urges the area to isolate individual products and companies that might do well, then try to attract them to the region.

It also claims that Liverpool could be helped greatly if aid to the service sector were extended as generously as to manufacturing industry.

A Liberal proposal for creation of a free port is thought unlikely to produce any significant benefits and the creation of a Merseyside Development Agency on the lines of the Scottish and Welsh agencies is also rejected.

The report points to the need for greater co-ordination of resources and initiatives needed to regenerate the local economy, and calls for a strengthening of the executive and policy-making arms of the recently established Merseyside County Economic Development Committee.

It sees the development authorities as reversing the continuing fall in employment—down between 1968 and 1975 by 11.6 per cent to 488,000.

In manufacturing, the decline was 26.7 per cent to a total of 156,000, a much steeper percentage fall than occurred in the UK as a whole.

Estimates for inner Merseyside in the period up to June this year show a further decline of 28,500 in total employment, and of 10,100 in manufacturing.

The report predicts only a slight improvement in the next three years.

The report rejects the view that shortages of skilled labour, land or aid represent significant obstacles to Liverpool's economic recovery.

Farnborough air show attracts 420 companies

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ABOUT 420 companies from the U.K. and overseas aerospace industries will take part in the Farnborough flying display and exhibition to be held at Farnborough airfield, Hampshire, from September 3 to 10.

The Society of British Aerospace Companies, which is organising the display, said over the weekend that about 250,000 visitors were expected during the eight days of the show. It will be one of the most complete exhibitions of aircraft and associated products and technologies yet staged in the UK.

There will be a strong U.S. representation, with exhibitors from 48 companies, including virtually all the leading airframe and aero-engine manufacturers.

Before the Franborough show, the Financial Times will be holding its latest World Aerospace Conference, at the Royal Lancaster Hotel, London, on August 30 and 31.

With the theme of Where Do We Go From Here?, the leaders of the major aircraft manufacturing companies, airlines and regulatory and consumer bodies in world aviation will express their thoughts on the future trends.

Speakers from the UK will include Mr. Edmund Dell, Secretary for Trade; Mr. Gerald Kaufman, Minister of State for Industry; and Lord Beswick, chairman of British Aerospace.

Among the West European aerospace industry speakers will be General Jacques Mitterand, president of Aérospatiale; M. Bernard Lathiere, president of Airbus Industrie; and Mr. Roy Gibson, the director-general of the European Space Agency.

The U.S. speakers will include Mr. E. H. Boullioun, president of Boeing Commercial Airplane Company; Mr. Roy Anderson, chairman of Lockheed Corporation; Mr. James E. Worsham, vice-president of the airline programmes division of General Electric of the U.S.; and Mr. Charles W. Ellis, vice-president of helicopter development, Boeing Vertol.

UK companies 'too secretive,' Wilson Committee is told

BY NICHOLAS COLCHESTER

THE Wilson Committee today published the eighth volume of written and oral evidence on the financing of industry and trade.

It contains the contribution of the Welsh Development Agency, the American Banks Association of London, and Lord Roll of Ipsden in his capacity as chairman of the NEDC Committee on Finance for Investment.

The oral evidence of the U.S. bankers follows their previously published written submission in being critical of the unwillingness of British companies to disclose more about their operations to their bankers.

Mr. B. W. Mitchell, of Bank of America, said that a cost-of-sales breakdown, details of trade debtors, and more facts on the breakdown and turnover of stocks were examples of the information that U.S. corporations were willing to provide into their affairs, which British companies were not.

The U.S. bankers thought that progress by British industry towards more disclosure was "pretty marginal" and that forthcoming companies were "very much the exceptions."

They explained that the more rigorous disclosure rules in the U.S. helped bankers because companies "tend to be willing to disclose a little bit more to bankers than they reveal to the public."

Approaches

The U.S. bankers, however, back-pedalled on the main feature of their written evidence. This suggested that British banks and U.S. banks adopted different approaches to lending—the former stressing the liquidation value of a borrower, the latter emphasising the borrower's ability to repay as a going concern.

This distinction was subsequently disputed by British banks and in their oral evidence the American bankers were at pains to stress that they had not intended to convey "that other banks use approaches that are dramatically different or demonstrably less sound" than the U.S. method.

In the course of a detailed discussion of the American way of banking the representatives of the U.S. banks agreed that a margin of ¾ per cent over the wholesale interest rate for sterling was needed for an American bank to make a profit on a "first class and almost riskless" loan.

Lord Roll, the chairman of Warburgs, appeared before the committee as one intimately involved in the financial aspects of Neddy and the "industrial strategy."

"In response to questions Lord Roll said that he did not believe that market forces alone could be relied upon to propel British industry into the right investment decisions.

On the other hand he did not deduce from this that institutional funds should be directed or channelled into the "right" sort of investment.

He hoped that Neddy and the industrial strategy would improve British industry's performance. If and when this improvement came about, the financial institutions would automatically respond and provide the needed funds.

"It is no good just acting on the side of supply. It is essential that there should be a solidly-based and increasing demand for investment funds."

Mr. Len Murray, speaking as a committee member, asked Lord Roll whether the financial institutions should not perform a pump priming function and suggested that the Neddy sector working parties had "produced many suggestions for action, many of them requiring finance."

Lord Roll disputed this. Few of the sector working party suggestions were held up for lack of finance and the financial aspect was "very, very minute."

"There are a lot of other things that have to be done other than financial."

At the same time he gave clear support of the concept of sector working parties—industrial study groups established on a tripartite basis with civil servants, managers and trade union officials.

Realistic

Civil servants, in particular, gained from them in that "the advice that they give to Ministers is a little more realistic, is a bit closer to what happens in industry, than it otherwise would be."

In written evidence submitted for the second stage of the Wilson Committee's inquiry the Society of Investment Analysts argues that the cash inflow of the major investing institutions will not grow much faster than gross domestic product between now and 1985.

The evidence deals with the growth in the financial power of the institutions and with the suggestion that this growth should either be controlled or harnessed by some form of direction of investment.

The society rejects both—but adds its voice to the calls for a removal of the fiscal discrimination that encourages the private saver to entrust his wealth to institutions.

After 10 years in which the cash inflow of the pension and insurance funds has risen from £1.2bn a year to £6.3bn in 1977, the society produces some rather tentative reasoning why this growth rate need not persist.

It believes that this cash flow will now grow with GDP implying a £20bn cash inflow in 1985 if GDP growth is a nominal 15 per cent, or £13.5bn if the nominal growth rate is 10 per cent.

Effective

The society concedes that institutional dominance of the securities market will continue to increase.

It cites one estimate that institutions could hold 70 per cent of all equities by 1985, compared with 50 per cent at present. So it attempts to counter the impression that this increasing dominance is bad for the markets and for industry.

It claims that fund managers follow diverse investment strategies, and that this diversity is sufficient to ensure that the market functions effectively. It claims that "there is an increasingly healthy relationship developing between corporate managers and their institutional shareholders."

The two sides are talking more because "more and more companies welcome the opportunity to discuss their plans and aspirations in an environment less formal than the annual general meeting."

LABOUR NEWS

Building action to start June 25

By Alan Pike, Labour Correspondent

ACTION over the building industry's annual pay settlement will begin on June 25, the Transport and General Workers' Union said yesterday.

The action will be arranged on a regional basis. Local officials of the union have prepared lists of construction projects which are likely to be affected.

The dispute is over the value of the national pay offer to more than 750,000 building and civil engineering workers. Employers say it is worth almost 10 per cent. but some union officials say that it will have a much lower value for many men.

Mr. George Henderson, the union's national secretary for the industry, said yesterday that employers organisations had made it perfectly clear that they were standing absolutely firm on the offer.

The present agreement expired on June 25 and, with the postponement and cancellation of proposed meetings between the parties, he had to give notice that the union would begin industrial action after that date.

The position is complicated by the fact that the executive of the biggest building union, the Union of Construction, Allied Trades and Technicians, has accepted the offer and is telling its members to ignore the transport union action.

This position may be criticised by some delegates at the construction union's conference which opens to-day in Dunoon.

Bootle strike deadlock move

FRESH EFFORTS will be made this week to resolve an unofficial strike by 400 construction workers over a severance pay agreement which is halting the final stages of work on the multi-storey Inland Revenue office block at Bootle, Merseyside.

Although no further meetings have been arranged between the contractors McAlpine's and the unions, discussions are expected between management representatives and the Government's Property Services Agency.

The dispute came to a head last week when talks on the proposed redundancy of 11 men broke down. The building is now seven years behind schedule and its cost has risen from [illegible] to £15m.

Civil Service unions may form closed shop alliance

BY PHILIP BASSETT, LABOUR STAFF

INDUSTRIAL and white-collar civil servants seeking a better closed shop offer than the Government's current proposals may join forces to press their case through a consortium.

The 97,000 industrial civil servants in the Transport and General Workers' Union, the biggest union representing the industrial grades of staff, will be asked if they want backing for local closed shops.

The three non-industrial Civil Service unions pressing for a closed shop, the Civil and Public Services Association, the Civil Service Union and the Inland Revenue Staff Federation, have asked unions representing the 172,000 industrial civil servants for joint talks on the Government's proposals.

If a consortium of lower-grade civil servants is formed from the meetings, the Government could face a demand for improved proposals for the introduction of a closed shop in the service from 522,000 workers in an alliance cutting across traditional Civil Service white- and blue-collar boundaries.

Exemption

The consortium would then take over the direct approach on the closed shop to the Prime Minister now being considered by the three non-industrial unions.

The Government has offered both industrial and non-industrial civil servants a similar closed-shop offer. It has wide exemption provisions reminiscent of the Conservatives' agency shop proposals in the 1971 Industrial Relations Act.

The offer made to the non-industrial staff calls for a ballot on the issue of all 400,000 basic grade civil servants, including 50,000 non-unionised staff. A ballot of non-union members would be likely to be rejected outright by the white-collar unions.

The offer made to the industrial workers, though, does not include any longer provisions for a ballot.

Mr. Mick Martin, public services' national officer for the transport workers, said the union was likely to agree to the request from the three white-collar unions for a joint approach to Mr. Callaghan although he was not optimistic about its success.

He said that after two years of negotiations the industrial civil servants had ended up with a worse offer than they had started with, and had rejected it outright.

The union would be pressing for a full post-entry closed shop after putting the issue to members in local areas.

Clyde managers win 5 per cent. pay rise

BY OUR LABOUR CORRESPONDENT

THE ENGINEERS and Managers Association has won a 5 per cent fair wages award backdated to January for managers working at Yarrow Shipbuilders on the Clyde.

This is on top of a 10 per cent rise for all staff employees negotiated by TASS, the white-collar section of the Amalgamated Union of Engineering Workers.

The engineers association, which is engaged in a fight with TASS over recognition in the industry, says that in its award the Central Arbitration Committee commented that TASS's submission had provided "no real evidence on behalf of managers among whom they have few members."

The association's leaders will regard the award as another moral victory in their attempt to win national recognition for their Shipbuilding and Allied Industries Management Association.

TV unions to ballot on merger

By Our Labour Correspondent

A BALLOT on a merger between the Association of Cinematograph, Television and Allied Technicians and the Association of Broadcasting Staffs will open on July 1.

The ballot comes after lengthy amalgamation discussions between the unions. If members favour a merger, the organisations will become the Amalgamated Film and Broadcasting Union.

The Association of Scientific, Technical and Managerial Staffs said yesterday that the Pearl federation section of the insurance workers' union, which covers field staff managers in Pearl Assurance, had decided to merge with it. The association added that everyone except the most senior Pearl executives would be covered by its negotiations.

Express could be closed Matthews warns unions

MR. VICTOR MATTHEWS says he can afford to close down the Daily Express and "might well do so" if there was any major dispute with the print unions.

He added that if he had the power to hire and fire—and did not have the unions to contend with—he would dismiss up to 40 per cent. of his workforce.

His comments were made in an interview for Anglia Television on the problems of Fleet Street. The programme Enterprise will be shown on Thursday.

He said that while a lot of people in Fleet Street could perhaps not afford to express those sort of views, his Trafalgar group, with interests from property to shipping, could.

Fleet Street had to change and it could not go on with union leaders saying one thing and the shop floor saying another.

"You do one deal with the unions and then start a round of in-house deals."

He intended to go ahead with plans for new newspapers but not until he had agreement with the unions.

Chrysler talks

A MEETING to-day of 1,500 Chrysler car assembly men in Coventry will decide whether to accept a peace formula worked out in weekend talks. They had walked out on Friday in a who-does-what row concerning repair work on faulty car seats.

COURSES

APPOINTMENTS

Halma Group chairmanships

Mr. Peter Wells has been appointed chairman of Powerform Engineering and Power Display Equipment, both part of the HALMA GROUP. Mr. Wells is also managing director of the Power Equipment Company and a director of Castell Locks, a Commissoris of Dutch company, Castell Locks b.v., and a director of the parent company, Halma.

★

Admiral Sir Raymond Lygo, has joined the Board of the Dynamics Group of BRITISH AEROSPACE. He is appointed managing director of the Hatfield/Lostock division and will also become a member of the Board of the Bristol/Stevenage division. Admiral Lygo left the Royal Navy in January where his last position was as Vice-Chief of the Naval Staff.

★

Mr. G. Kraijenhoff, who recently retired as chairman of Akzo N.V., has been appointed a director of S. G. WARBURG AND CO.

★

Sir John Trelawny, formerly of Plumbley/Endicott and Associates, and Mr. Timothy R. H. Neame, formerly of Barclays Unicorn Group have joined KORN/FERRY DICKINSON, executive search consultants.

★

Mr. C. J. Bullock has been made an executive director, ROYAL WORCESTER SPODE. Mr. Bullock will continue as marketing director of the company.

★

Mr. M. I. Forsyth Grant has resigned as a director of RACAL ELECTRONICS.

★

Mr. J. D. Leggett has resigned from the Board of BRAITHWAITE AND CO. ENGINEERS.

★

Mr. Peter Mossé has relinquished the post of managing director of P. S. MOSSE AND PARTNERS and Mr. Alan Collins has assumed that position. Mr. Mossé continues as chairman. Mr. Christopher Jenkin and Mr. John Shepherd have been appointed assistant directors.

★

Mr. D. C. Guy, previously deputy manager, has been appointed manager, public relations department, of the BURMAH-CASTROL COMPANY. He succeeds Mr. Laurence Sultan, who has retired after 43 years' service.

★

Mr. Martin Evans, divisional manager of Wellcome Industrial (Pesticides), has been elected president of the BRITISH PEST CONTROL ASSOCIATION. While in office, Mr. Evans will also assume the responsibilities of a director of the European Confederation of Pest Control Associations.

CONTRACTS

£10.2m orders awarded by NCB

Contracts with a total value of £10.2m have been let by the National Coal Board. Corrugated steel sheets, for the period June 1, 1978, to May 31, 1979, valued at £6.3m, will be supplied by BSC, Wm. Green (Steel), J. R. Steels, Danks Steels, A. Thomas and Co (Mfrs), Geo. Wolfe and Sons, and European Steel Sheets. Rolled steel lagging boards, for the same period, to a value of £2.3m, will be supplied by J. R. Steels, Ayrshire Metal Products, Darlington and Simpson Rolling Mills, A. Thomas and Co (Mfrs), Lye Spencer Steel Services, Hollybank Engineering Company, and Geo. Wolfe and Sons. Telephone, lighting and signalling cables, also for the same period, valued at £1.5m, will be supplied by AEI Cables, BICC, Delta Enfield Cables and Ward and Goldstone.

The City of Bradford Metropolitan Council has awarded a £1.1m contract to HONEYWELL INFORMATION SYSTEMS for the supply of a dual computer to handle applications covering a wide range of financial services as well as engineering and design departments, schools, museum and library facilities, and rents and rates. The system will have extensive communications features controlling a large number of terminals located in many different establishments throughout the city.

★

The £750,000 contract for the new animal feed mill for Bibbys at Carmarthen has been won by CHRISTY AND NORRIS. Work has started on this greenfield site and the plant will be on stream later this year.

★

Herbert Ferrymans, a Southampton-based pharmaceutical wholesalers, has placed an order with DATASAAB for three D15 small business systems worth about £130,000. Datasaab's pharmaceutical wholesaler package contains a range of programs for sales order processing, invoicing, delivery documentation, stock control, sales ledger and automatic purchase ordering. Mining and Chemical—a group of five different companies in importing and refining precious metals, selling semiconductors and supplying pharmaceuticals to wholesalers—has ordered a Datasaab D13 minicomputer system. The computer will be used for sales, purchase and nominal ledger, payroll, on-line order processing, invoicing and stock control by all the companies in the group.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-divisions below are based mainly on last year's timetable.

TODAY, JUNE 5

COMPANY MEETINGS—
Currys, 46/50, Uxbridge Road, Ealing, W., 12.30
Gibbons (Stanley), Strand Palace Hotel, Strand, W.C., 11
Huntleigh, Howard Hotel, Temple Place, Strand, W.C., 12

BOARD MEETINGS—
Finals:
Anglo American Corp.
Craig and Rose
Metal Box
Reed (William)
View Forth Inv. Trust
Westpool Inv. Trust
Interims:
Martin the Newsagent
St. John D'el Rey Mining

DIVIDEND & INTEREST PAYMENTS—
Alcan Aluminium 35cts
Cedar Inv. Trust 1p
Common Bros 2p
Compagnie Financiere de Suez Frs.25.5
Currys 4.602139p
Kinta Kellas Tin Dredging Ord. 125p
Mitchell Cotts 0.65625p
Mount Charlotte Invs. 0.4949p
North British Canadian Inv. 1.7p
Relvon P.B.W.S. 2.5954p
Rexnord Inc. 22 cts
Richards & Wallington Inds. 3.0299p
Sime Darby London Cnv. Ord. 1.4p
Sparrow (G. W.) 1.29p
Tameside Var. Rate Bds. Red. 10¼pc 84-85 £2.3797
Volvo A. & B. Kr 6

TOMORROW, JUNE 6

COMPANY MEETINGS—
Camrex, Seaburn Hotel, Sunderland 12
Everard, 75, Harborne Road, Birmingham, 12
Mettoy, Winchester House, 100, Old Broad Street, E.C., 12
Yorkshire Fine Woollen Spinners, George Hotel, Huddersfield, 11.30

BOARD MEETINGS—
Finals:
Atkins Bros. (Hosiery)
Carless Capel and Leonard
Charter Consolidated
De La Rue
Finlay (James)
Henderson (J. and W.)
Jermyn Inv.
Land Securities Inv. Trust
Parkland Textile
Scotcros
Sumrie Clothes
Wedgwood
Interims:
Archimedes Inv. Trust
Comet Radiovision
Elson and Robbins

DIVIDEND & INTEREST PAYMENTS—
Automotive Prods Deb. 10.4pc
Avon Rubber Deb. 3½pc
Cadbury Schweppes Ln. 4¼pc
Evered & Co 0.2p
Fisher (James) 0.77p
Ford Intl Cap. Ln. 3½pc
Freemans (London SW9) 3.5232p
Gibbons (Stanley) 1.8p
Glynwed Deb. 3½pc
L.K Ind. Invs. Nen. Ln. £2.4956
Ladbroke Ln. 4pc (with warrants)
Mallinson-Denny 1.5423p
Metal Closures 2.5136p
Newhome-Ve.itas Deb. 4½pc
Patani Para Plantations 0.61417p
SGB Deb. 4¼pc
Statics Intl. Ln. 3¼, 3½pc
Tozack (W. A.) 0.365p
Watney Mann and Truman Deb. 3½pc

WEDNESDAY, JUNE 7

COMPANY MEETINGS—
Dreamland Electrical Appliances, Great Eastern Hotel, Liverpool St., E.C. 12
Guardian Royal Exchange Assurance, 20, Aldermanbury, E.C., 12
Haden Carrier, 7/12, Tavistock Square, W.C., 2.30
Harrison (T. C.), 53/67, London Road, Sheffield, 2
Lewis (John) Partnership, 4 Old Cavendish St., 12.30
Manders, Mander House, Wolverhampton, 12
Nathan (B. & I.), Great Eastern Hotel, Bishopsgate, E.C., 12
Neill (James), Handsworth Road, Sheffield, 2
Peninsular & Oriental Steam Navigation, P & O Building, Leadenhall St., E.C. 12
Richardsons Westgarth, St. Ermin's Hotel, Caxton St., S.W., 12
Royco, Compleat Angler Hotel, Marlow, Buckinghamshire, 11.30
Smith St. Aubyn, White Lion Court, E.C., 12.30
Ward White, Hilton Hotel, Park Lane, 12
Wight Construction, Royal Scot Hotel, 111 Glasgow Rd., Edinburgh, 11

BOARD MEETINGS—
Finals:
Anderson's Rubber
Eva Inds.
Harrisons and Crosfield
Oceana Development Inv. Trust
Westbrick Prods.
Interims:
Hanson Trust
McCorquodale
Sterling Trust
United Spring and Steel

DIVIDEND & INTEREST PAYMENTS—
Amber Valley 9¼pc Bds. Red. 7/6/78 £5.0353
Angus 8¼pc Bds. Red. 13/12/78 4⅛pc
Basildon 8¼pc Bds. Red. 13/12/78 4⅛pc
Berkshire Var. Rate Bds. Red. 2/12/81 £4.3313
Birmingham 8¼pc Bds. Red. 13/12/78 4⅛pc
Central & District Props. Deb. 3½pc
Chiltern Var. Rate Bds. Red. 2/12/81 £4.3313
Copeland 9¼pc Bds. Red. 7/6/78 £5.0353
Corp. of London 8¼pc Bds. Red. 13/12/78 4⅛pc
Crewe & Nantwich 8¼pc Bds. Red. 13/12/78 4⅛pc
Cumbernauld & Kilsyth 9¼pc Bds. Red. 7/6/78 £5.0353
East Kilbride Var. Rate Bds. Red. 2/12/81 £4.3313. Do. 11¼pc Bds. Red. 2/12/81 5⅝pc
East Lindsey 9¼pc Bds. Red. 7/6/78 £5.0353
Fenland 10¼pc Bds. Red. 3/12/80 5⅛pc
Harborough 8¼pc Bds. Red. 13/12/78 4⅛pc
Havant 9¼pc Bds. Red. 7/6/78 £5.0353
Hoskins & Horton Ord. 3.658p
Inverclyde 9¼pc Bds. Red. 7/6/78 £5.0353
Lambeth 8¼pc Bds. Red. 13/12/78 4⅛pc
Lancashire 8¼pc Bds. Red. 13/12/78 4⅛pc
Lliw Valley 9¼pc Bds. Red. 7/6/78 £5.0353
Lochaber 9¼pc Bds. Red. 7/6/78 £5.0353
London 8¼pc Bds. Red. 13/12/78 4⅛pc
Motherwell 8¼pc Bds. Red. 13/12/78 4⅛pc
Neath 11¼pc Bds. Red. 2/12/81 5⅝pc

DIVIDEND & INTEREST PAYMENTS—
Northamptonshire 9¼pc Bds. Red. 7/6/78 £5.0353
Oldham 9¼pc Bds. Red. 7/6/78 £5.0353
Do. 8¼pc Bds. Red. 13/12/78 4⅛pc
Plymouth 9¼pc Bds. Red. 7/6/78 £5.0353
Rochford 10¼pc Bds. Red. 3/12/80 5⅛pc
Sale Tilney 5.3375p
Salisbury 9¼pc Bds. Red. 7/6/78 £5.0353
South Bedfordshire 8¼pc Bds. Red. 13/12/78 4⅛pc
South Lakeland 9¼pc Bds. Red. 7/6/78 £5.0353
South Oxfordshire 10¼pc Bds. Red. 3/12/80 5⅛pc
Strathclyde 9¼pc Bds. Red. 7/6/78 £5.0353
Swansea 8¼pc Bds. Red. 13/12/78 4⅛pc
Three Rivers 8¼pc Bds. Red. 13/12/78 4⅛pc
Tweeddale 8¼pc Bds. Red. 13/12/78 4⅛pc
Vale Royal 11¼pc Bds. Red. 1/12/82 5⅝pc
Wandsworth 9¼pc Bds. Red. 7/6/78 £5.0353

THURSDAY, JUNE 8

COMPANY MEETINGS—
Bowthorpe, Gatwick Road, Crawley, West Sussex, 12
British Vending Inds., Pylbrook Place, Garth Rd., Morden, Surrey, 10.30
Bulgin (A. F.), Bypass Road, Barking, Essex, 3
Ellis & Goldstein, Barrington House, Wood St., 12
Feb Intl., Albany House, Swinton Hall Rd., Manchester, 10.30
Greves, Brown's Hotel, Dover St., W., 12
Glynwed, Headland House, Sheldon, Birmingham, 3
Hoveringham, Hoveringham, Nottingham, 12
L.K. Ind. Invs., Empire House, 123, Kennington Rd., S.E., 12
Leslie & Godwin, Great Eastern Hotel, Liverpool St., E.C., 12
London & Provincial Poster, Mayfair Hotel, Berkeley St., W., 12
Wimpey (George), Royal Garden Hotel, Kensington High St., W., 12

BOARD MEETINGS—
Finals:
Airflow Streamlines
Armitage Shanks
Bankers Inv. Trust
Buckley's Brewery
Cullen's Stores
Dundonian
Fortnum and Mason
Guthrie
Hickson and Welch
Leigh Interests
300 Group
UKO Intl
Interims:
Burco Dean
Grand Metropolitan

DIVIDEND & INTEREST PAYMENTS—
A. B. Electronic Prods 2p
Baird (A.) 5.6154p
Clarke (Clement) 1.225p
Ellis & Goldstein 1.024328p
Feb Intl. Ord. 1.1p
Linread 1p
Lowland Inv. 0.9p
Manders 2pc
Neill (James) 3.642p
North Devon 11¼pc Bds. Red. 6/6/79 5⅝pc
President Steyn Mining 30 cts
Reed Intl 5pc Prf. 1.75pc. Do. 7pc Prf. 2.45pc. Do. Lns. 2½, 3½pc
Smith St. Aubyn 3.012p
Suffolk 13pc Bds. Red. 2/6/82 6½pc
Teignbridge 11¼pc Bds. Red. 6/6/79 5⅝pc
Thurrock 13pc Bds. Red. 2/6/82 6½pc
Vosper 2.3438p
Walmoughs 2.9558p
Wellco 0.775p
Western Holdings 190cts
Wight Construction 4.75p
Wimpey (George) 0.69035p
Wirral Var. Rate 11¼pc Bds. Red. 6/6/79 5⅝pc

FRIDAY, JUNE 9

COMPANY MEETINGS—
Coates Bros., Stationer's Hall Court, Ludgate Hill, E.C., 2.30
Electrical & Ind. Securities, Brewer's Hall, Aldermanbury Square, E.C., 12
Higgs & Hill, Waldorf Hotel, Aldwych, W.C., 12.15
Leyland Paint & Wallpaper, Northgate, Leyland, 2.30
Northern Engineering Ind., Royal Station Hotel, Neville St., Newcastle upon Tyne, 12
Sanderson Kayser, Newhall Road, Sheffield, 12

BOARD MEETINGS—
Finals:
Bishop's Stores
Geers Gross
Locker (Thomas)

DIVIDEND & INTEREST PAYMENTS—
AMF Inc. 31cts
Allebone 0.8p
British Inds. & General Inv. Trust 1.5p
Brooks Watson 1.56p
Camrex 2.32p
Dart Inds. 40cts
Equity Inc. Trust 3.69p
Higgs & Hill 1.4662p
Higson Brewery 0.4p
Johnstone (W. F.) 7cts
Kensington & Chelsea Var. Rate Red. 1982 £4.3204
Ottoman Bank 'Br' £20 with £10 paid 120p (1977). Do. Founders £295.78 (1977)
Petrocon 3.3601p
Photax (London) 1.52p
Prov. Life Assoc. of London A. & B. Ord. 4.363p
Sunglaster Inc. 31cts
SKF Aktiebolaget B 4.55KR
Texaco 50cts
Thompson Ord. 1.03653p
Talus S.A. 21cts
United Carriers 1.6252p

SATURDAY, JUNE 10

DIVIDEND & INTEREST PAYMENTS—
General Motors Corp. Com. 150cts
United Technologies 50cts

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current to June 7	Lighting and Electrical Installation Exhibition	Wembley Conf. Centre
June 5—8	British Hospitals Exhibition	Olympia
June 5—8	Decorative products trade exhibition (Walpadex)	Nat. Exbn. Centre, B'ham
June 5—9	Ind. Process Cont. Instrumentation and Systems	U.S. Trade Center, W.1.
June 6—8	Print Fair '78	New Hort. Hall, S.W.1
June 6—8	International Word Processing Exbn. and Conf.	Wembley Conf. Centre
June 8—10	Royal Cornwall Show	Wadebridge
June 8—10	South of England Show	Ardingly, Sussex
June 9—17	The Fine Art and Antiques Fair	Olympia
June 11—15	Shopfitting, contract furnishing, kitchen and bathroom equipment, joint exhibition	Nat. Exbn. Centre, B'ham.
June 13—15	Three Counties Show	Malvern
June 14—18	International Fisheries and Marine Equip. Exbn.	Aberdeen
June 20—23	Royal Highland Show	Edinburgh
June 22	International Body Repair Industry Exbn. plus International Conf. on Crash Repair	Heathrow Hotel
June 25—29	First International Frozen Foods Conf. and Exbn.	Olympia
June 26—28	Temperature Measurement and Control Ex. & Conf.	Wembley Conf. Centre
June 27—28	EIA Engineering Exhibition	Metropole Centre, Brighton
June 27—29	Leeds Electronics Exhibition	Leeds University
June 28—29	Solid Waste Management Conf. and Exbn.	Dome, Sheepcote Vlly, Brgton.
June 28—29	Royal Norfolk Agricultural Show	New Costessey

OVERSEAS TRADE FAIRS AND EXHIBITIONS

June 8—11	Int. Fair for Packaging Materials and Confectionery Machines (Interpack)	Dusseldorf
June 11—20	International Technical Goods Fair	Poznan
June 12—16	World Congress on Automatic Control	Helsinki
June 13—16	Knitwear and Hosiery Exhibition	Milan
June 13—21	Int. Rubber and Plastics Conference and Exbn.	Paris
June 15—18	Solar Energy Exbn. and Congress	Genoa
June 20—24	International Wire Exhibition	Basle
June 24—30	International Dairy Equipment Exbn. and Conf.	Paris
June 27—30	Public Transport Systems in Urban Areas, Exbn. and Conf.	Göteborg
June 27—30	Offshore Brazil Exhibition	Rio de Janeiro
July 2—9	International Rehabilitation of the Handicapped, Exbn. and Congress	Basle
July 4—6	Third Int. Conf. and Exbn. on Marine Transport using Roll-on/Roll-off Methods	Hamburg
July 10—14	First International South African Training and Education Symposium and Exhibition	Johannesburg

BUSINESS AND MANAGEMENT CONFERENCES

June 6	Canada-UK Trade Outlook	Pall Mall, SW1
June 6	Inst. of Purchasing and Supply: The Purchase Analyst as a Profit Generator	Gt. Russell Street, WC1
June 6—8	Oyez: Ass. of Insurance and Risk Managers in Industry and Commerce — International Insurance Conference	Hotel Inter-Continental W1
June 6—8	The Clothing Institute: Management course—Introduction to the Clothing Industry	Albert Road, NW4
June 7	Anthony Skinner Management: Added Value Sharing—Measuring and Rewarding Productivity	Café Royal, W1
June 8	Inbucon Group: National Policy and Pay Re-Structuring	Dorchester Hotel, W1
June 8	Good Industrial Relations: Corporate Strategies for Employment in the 1980's	Moorgate Place, EC2
June 8—9	Oyez: International Loan Documentation and Syndication	Int. Press Centre, EC4
June 8—9	Benn: Your company marketing and EEC Law	Gloucester Hotel, SW7
June 9—11	Road Haulage Assoc.: The EEC—Friend or Foe of the Agristock Haulier?	Droitwich
June 12	Meat and Livestock Commission: Meat Demand Seminar	Int. Press Centre, EC4
June 13—15	First International Symposium and Exbn. Computers in Banking	Zurich
June 13—16	Business Equipment Trade Association: Microforum Europe '78	Wembley Conf. Centre
June 14	Inst. of Purchasing and Supply: The Buyer, the Seller and the Law	Grosvenor House, W1
June 14—15	European Society for Opinion and Marketing Research: The Business of Advertising	Barcelona
June 15	Oyez: For Senior Management—Internal Audit	Portman Hotel, W1
June 15	Charterhouse Japhet Financial Services: The Impact of Financial Information on Shopfloor Employees	Royal Garden Hotel, W8
June 16	Oyez: Property Development—Warehouse/Industrial Case Study	Hotel Inter-Continental, W1
June 18—23	School of Production Studies: Stress at Work	Cranfield Inst. of Tech.
June 19	European Study Conferences: Employee Communications	Royal Garden Hotel, W8
June 19—20	ORC (UK): Paying People Abroad	Shakespeare Htl., Strat.-Avon

This week in Parliament

TOMORROW

COMMONS — Nuclear Safeguards and Electricity (Finance) Bill, remaining stages. Employment (Continental Shelf) Bill, second reading. Theft Bill (Lords), second reading.

LORDS—Films Bill, report stage. Wales Bill, committee stage. Internationally Protected Persons Bill.

WEDNESDAY

COMMONS — Foreign Affairs debate.

LORDS—Scotland Bill, report stage. Theatres Trust Bill, second reading.

SELECT COMMITTEES — Nationalised Industries Sub-committee B. Subject: The future of the electrical supply industry. Witnesses: British Electrical and Allied Manufacturers Association (10.45 a.m.).

Expenditure Committee, Trade and Industry Sub-committees. Subject: Measures to prevent collisions of noxious cargo carriers. Witnesses: Royal Institute of Navigation and Hydrographer of the Navy.

THURSDAY

COMMONS — Foreign Affairs debate.

LORDS—Scotland Bill, report stage.

Co-operative Development Agency Bill, committee stage.

FRIDAY

COMMONS—Remaining stages of Suppression of Terrorism Bill (Lords). Remaining stages of Judicature (Northern Ireland) Bill (Lords).

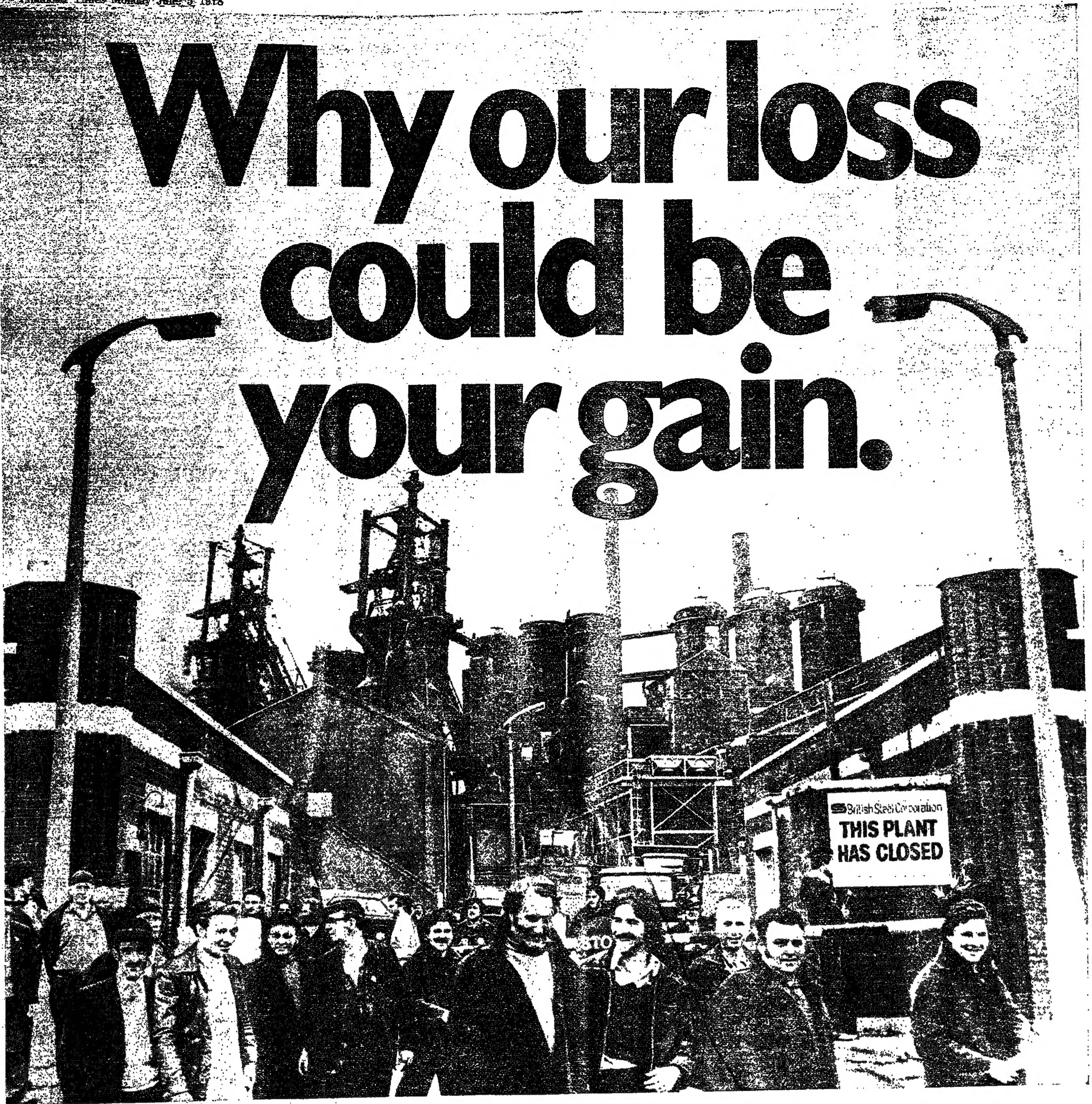
Motion on EEC documents on liner conferences. Motion on Church of England (Miscellaneous Provisions) Measure.

LORDS — Home Purchase Assistance and Housing Corporation Guarantee Bill, second reading.

Transport Bill, second reading.

Domestic Proceedings and Magistrates Courts Bill.

Why our loss could be your gain.



Our loss

The re-organisation and streamlining of the British Steel Corporation is leaving many thousands of workers without jobs.

Your gain

An unparalleled opportunity for companies that are expanding or re-locating to benefit from the most comprehensive industrial package ever assembled, including an established workforce with a balance of skills.

Our credentials

We are BSC (Industry) Ltd., a dynamic little company whose sole purpose is to attract new industry into steel closure areas.

There's a powerful mixture of people willing us on:

The UK Central Government.

The various regional authorities, and development agencies.

The European Coal and Steel Community.

The Steel Committee of the TUC.

And finally, the full weight of the British Steel Corporation itself.

What you could get out of it

Labour. A skilled workforce, specially trained in advance for your company.

Sites and premises. A choice of fully-serviced industrial sites, many of them greenfield, in England, Scotland and Wales. Plus advance and custom-built factories.

Financial incentives

One. We'll help you squeeze every last penny from Central Government, Regional Development funds, and the funds of the European Coal and Steel Community.

We'll take you by the hand and make sure you don't trip over any red tape.

Two. In addition to these funds, we have our own. We can use these to tailor incentives to your particular needs. Our brief is to be very flexible, as long as good, solid, long-term jobs are being created.

Three. If you trade with BSC, so much the better. We may be able to help you even more.

Four. If your business is steel-related, we may be able to take share-holdings and give financial support. Again the critical factor is 'investment per job created'.

So for those companies which react quickly, our loss could be turned into a very big gain indeed.

Simple first step

Call us now on 01-235 1212. Ask for BSC Industry Action Desk.

Or clip the coupon for more facts.

BSC (Industry) Ltd.

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The industrial opportunity of a lifetime.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Storage oscilloscope

OFFERED by Gould Advance is the OS4100, a general purpose two-channel digital storage oscilloscope and waveform digitiser with several new facilities including an X-Y display (one input channel displayed against the other) and a sensitivity of 100 microvolts/cm.

It is based on an 8-bit analogue/digital convertor operating at a 1MHz sampling rate into a 1k bit store to provide a −3dB bandwidth up to 600kHz.

In addition to facilities for displaying the sum or difference of the input signals, the instrument has a comprehensive range of signal conditioning and trigger facilities, including a "trigger-window." In this mode, trigger occurs whenever the input goes outside either of two levels, symmetrically spaced above and below the original trigger level.

An important feature of the digital storage system is a signal delay switch, which inserts a quarter scan length delay into the digital signal path, so that events happening prior to the trigger event may be viewed on the screen.

An 18-position rotary switch varies the speed rate over the range 100 microseconds/cm to 50s/cm, while an X-expand control offers the facility of expanding the display horizontally, even after storage has taken place.

More on 01-500 1000.

Fibre power gauge

PUT ON the market by Hewlett Packard is the 84801 thermistor sensor which can be used with the company's model 432 power meter to measure the optical power in glass fibres.

Although the technique has been used for many years to measure microwave power, the company has adapted it to deal with light in the 600 to 1200 nanometre wavelength range and power levels from one microwatt (−30 dBm) to 10 milliwatts (+10 dBm).

Apart from its normal use with a fibre as its input, the device can also be used to re-calibrate other optical measuring devices such as radiometers and photometers and to perform relative measurements on components such as connectors, couplers and attenuators.

More from King Street Lane, Winnersh, Wokingham, Berkshire RG11 5AR (Wokingham 784774).

● ENVIRONMENT

Conditions the air in industrial plants

SPECIALLY DESIGNED to meet the specific environmental requirements of the textile, paper and tobacco industries, is a range of air conditioners from Hall and Kay Engineering.

Called the Climon 2000 series, they are said to provide close control of temperature, precise control of humidity and air filtration, combined with minimal cost and ease of installation.

The series is of modular construction, employing infilled panels to give rigidity, good thermal and sound absorbent properties, says the company.

The units are built in two main flanged sections, one incorporating the heater batteries, return air filters, pneumatically controlled fresh-air inlet louvres and pyramid air filtration bank; the other section houses the motor, axial-flow fan and atomiser unit, complete with water pump and associated equipment.

More on 061 330 6621.

● DATA PROCESSING

Counts and categorises vehicles

A PROBLEM with existing vehicle census systems is that although the equipment will count passing vehicles accurately, manual methods have to be used if vehicle categorisation is needed.

Recently however, the Transport and Road Research Laboratory awarded a contract to the Golden River Company Ltd, Bicester, for the development of a microprocessor-based vehicle classifier which is now commercially available.

The Mk4 vehicle classifier uses inputs from three sensors in each lane to count and classify vehicles by measuring length, number of axles and wheelbase dimensions.

Using the TRRL vehicle class listing, which is compatible with EEC Regulation R1108/70, the unit can accurately classify 25 separate vehicle types, ranging from mopeds to eight-axle vehicles. In addition, vehicle speed, lane and gap from preceding vehicle is also measured.

The unit's output can be printed out on a teletypewriter terminal, or recorded on magnetic tape for future replay and analysis, perhaps via a mainframe computer.

Size of the classifier is 184 x 255 x 485 mm, weight is 14 kg and the power consumption is less than ¼w from a vehicle battery or the mains. With only minor software modifications, it can be connected to a telephone system for remote retrieval of roadside data.

More on 08692 44551.

Tiny disc crams data

INTRODUCED into the UK by Exchange Telegraph Company is a disc data storage system making use of a 133 mm (5¼ ins) diameter flexible magnetic disc that can accommodate 200,000 characters.

This compares with about 300,000 characters for a conventional floppy disc and with 145,000 for a cassette, with a much shorter access time than the latter (about one second as opposed to one minute). The price, however, is only £1,150.

Known as the Extel 950 Microdisc, the unit uses a Shugart flexible disc drive and an internal microprocessor control to reduce the external controls to an absolute minimum. Fast access file storage and retrieval are included for random entry applications and universally coded batch operations allow mass data collection.

Likely uses will be in data terminal enhancement giving reduced transmission times and enhanced editing and formatting, data storage in control systems, and database use in microprocessor computing systems.

The recorder uses a simple file-oriented form of mass data storage. A directory is recorded on each disc as data is entered and is continually updated to show the contents of that disc. A single command retrieves a specific file.

Internal processor software is stored in resident memory so that no operator loading is needed. A self initialising facility obviates pre-formating of the disc.

Measuring only 133 x 254 x 298 mm and weighing 6.35 kg, the 950 will be well suited to small business or industrial control systems. A more powerful version with extra search and edit facilities will be introduced later in the year.

More from 73, Scrutton Street, London EC2A 4PB (01-739 2041). becomes president.

Gas pipe project

DATA capture and processing equipment is to be supplied by Micro Consultants of Caterham for a mains gas pipe inspection project in progress at the On-Line Inspection Centre of British Gas Corporation.

Data from special sensors carried on board pigs—essentially cylindrical vehicles propelled down the pipe by the gas pressure—will be captured and processed before assembly in a mass data store.

Object of the inspection is to look for physical faults in the steel pipes—in particular the 3,000 miles of high pressure lines. At this stage, however, British Gas is unwilling to indicate what methods will be used: they could be magnetic, ultrasonic or X-ray. There is also no indication of whether the data will be stored in the pig or transmitted to an external point.

Micro Consultants, however, will design a "data acquisition package" and manufacture a number of production units under a contract worth £½m.

Developing applications for micros

SCICON has set up a new team to develop products and systems based on microprocessors; a special laboratory has been equipped with microprocessor development systems from Data General, Zilog and Intel.

Main aim will be to develop applications rather than software tools for microprocessors. To that end the organisation, called Scicon Micro Systems, is looking for companies which seek to replace existing electro-mechanical devices by micros, or which want to develop microprocessor-based systems.

Scicon is prepared to either develop the products, or to enter into joint ventures with companies who have their own ideas for using micros.

One of two areas where Scicon has already been particularly active is in the development of SPARQ, a microprocessor-based device which enables computer data to be transmitted over high-frequency radio links—an application not commercially available before.

The other is in a range of peripheral devices like visual display terminals and line printers which use microprocessors to hold the necessary software to enable bi-lingual Arabic and English text to be handled.

More on 01-580 5599.

● COMMUNICATIONS

Aerial goes up quickly

ON AN average site the model 616 medium wave aerial from Technology for Communications International (TCI) can be erected by four men in three hours.

This transmitting aerial is omnidirectional, vertically polarised, and covers the frequency range 525 to 1605 kHz.

In addition, it is particularly suitable for tactical, emergency and other temporary applications since for transportation purposes it is entirely self-contained on a wheeled trailer that carries the single crank-up tower, guys and radiating elements, ground screen elements matching unit, guy anchors, baseplate and tower insulator.

Erected tower height is 151 ft (46 metres) and the total weight is 2,640 lb (1,200 kg). There are two versions, for 10 kW or 20 kW.

The tower is in seven telescoping sections made from high strength galvanised steel and all the radiators, catenaries and guys are made from Alumoweld, a wire composed of steel core with a conductive, corrosion resistant welded aluminium coating. Insulators are in glazed alumina.

More on 01-937 2796.

Speeds up design of boards

THE MAXI printed circuit board designer from Racal Redac provides users designing a large number of PCBs containing dual in-line integrated circuits and a large proportion of discrete components with a substantial saving in time and cost.

Maxi can handle between 100 and 150 circuits on one board, with board sizes up to 23 x 25 ins, eight track widths, 32 pad sizes and up to eight tracking layers. The company claims that the equipment can save 79 per cent in time and 49 per cent in cost compared with manual techniques.

The system incorporates a 21-in refreshed graphics terminal with on-line plotting, greatly reducing the overall board development time and allowing photoplotting of a complete design to be carried out while another board is being designed.

Powerful automatic routines for component placement, track routeing and automatic design rule checking can be performed through interactive technique, and components or routes may be added, deleted or modified at any moment. More on 0684 294161.

● ELECTRONICS

Mechanical answers

GOULD Instruments of Hainault, Essex, is offering a consultancy, research and manufacturing service for the solution of mechanical-engineering problems.

The company has already been involved in business machines, flowmeters and digital weighing machines, where simple electronic modules can replace a high proportion of precision mechanical engineering.

Basically mechanical firms have been reluctant to investigate electronic solutions for two reasons: the initial investment in the necessary components and equipment can be very expensive, and the outcome can be uncertain unless the company has experience in the technology.

The company believes that by incorporating suitable electronics into ailing products, "a manufacturer can transform them into market leaders."

More on 01-500 1000.

● HANDLING

Tips the drums

SAID TO be virtually maintenance free, are two models added to the range of Spirotipper drum tippers from MJP Machinery, Altham Industrial Estate, Burnley Road, Altham, Accrington, Lancs. (0254 33004).

Each of the models can be supplied in manual/hydraulic or electro/hydraulically powered versions and, says the maker, operation is simple, fast and safe. The drum is loaded or rolled on to the Spirotipper's platform, the lid removed and replaced with a cone incorporating an integral Mucon valve and discharge chute. Two clamps fix on to the cone's rim, thus activating the unit. The drum then swings through a 180 degree arc which completes the operation even on the manual/hydraulic versions, in under two minutes. Discharge can be direct into a process hopper or an MJP Spiroflow spiral conveyor can be plugged in to the discharge chute.

This combination, says the company, is particularly ideal for handling toxic materials or where dust-free transfer is required.

Material metered exactly

A MACHINE which can meter dry, semi-dry, powdered and granular materials to an accuracy of plus or minus one per cent, which is said to be comparable to that of gravimetric or similar equipment, comes from Simon-Soltic of Gloucester (a Simon Engineering company).

Suggested for use with the chemical, food, pharmaceutical, paint, plastic, cement, and allied industries, the machine, called the Mark II Volumetric Metering Feeder, offers high level accuracy because of its improved vibratory action which conditions the material, ensuring a homogenous density and, therefore, a steady, smooth feed to the screw.

The feeder is available with alternative feed screw/discharge tube assemblies ranging from 6 to 50mm inside diameter, and the company says it is possible to fine-tune the machine and re-rate it economically at any time. Feed rate can be set at a pre-selected screw speed or varied over a 20:1 range, either manually at the feeder or from a remote control panel.

More on 0452 36511.

● MATERIALS

Designed to thwart fire

DESIGNED TO meet new fire protection regulations are bulk liquid storage tanks using aluminium panels and butyl rubber linings which are now being used for processed water storage and cooling water in industries ranging from brewing to farming.

Made from N8 grade marine quality aluminium panels and fitted with open top butyl membrane liners fabricated from 0.75 mm thick butyl rubber of hot vulcanised construction, the tanks are called Sunbridge storage systems and come from Franklin Hodge Industries (a subsidiary of Matthew Hall).

The butyl sheeting used in the tanks satisfactorily resists a wide range of chemicals and solvents and, since the systems are prefabricated and easily crated and assembled, they have proved ideal for export. A fifth of the company's recent orders for the tanks has been for markets in Holland, Saudi Arabia, Libya, Qatar and the Bahamas.

More from the company at Modello Works, Eardisley, Herefordshire or on 01-407 7272.

● SECURITY

Cash is safe from fire

ALTHOUGH VALUABLES may be securely stored in burglar-proof safes, if the latter are not entirely fire-proof they will not necessarily be satisfactory receptacles for cash.

Offering a safe within a safe, Kardex Systems has introduced its 675 model which will cover both risks.

The external casing insulates the whole contents from fire and, says the company, combats not just the effects of heat but also prevents ingress of moisture as the fire brigade control an outside blaze.

One third of the interior of the safe is occupied by a conventional security unit to store cash and valuables. Company documents, files, accounts records, etc., can be accommodated on adjustable shelves in the lower part. A high security lock is fitted to the inner safe while the outer door has a separate lock and key.

The size of the overall cabinet it 525 by 590 by 1245mm.

More on 01-836 2205.

● PACKAGING

Brings home the bacon securely

WHEN CERTAIN pork products have been found to have defective packs on the production line, the packs have had to be ripped apart, the contents re-sealed and packed with extra materials, all of which has been costing J. Sainsbury loss of time and money.

The company has now developed a packaging system called "fusion" sealing, which it is hoped will cut the number of leaking packs by 80 per cent. The subsequent saving of £½m annually, says the supermarket chain, will now benefit the company and customer alike. In addition to the reduction of packaging costs, the customer will also have a tougher pack that will not leak if nicked by a fingernail or caught on the sharp edge of a shopping basket, etc.

The possibility of using a shrink tunnel in the process, later abandoned as impractical, was considered before the company's packaging laboratory came up with the new method which involves heating packaging film to 110 deg C in a vacuum chamber. The inner layers of film become molten and on cooling fuse together to make an airtight seal.

More on 01-921 6577.

● PROCESSING

Sorts the aluminium

A HIGH proportion of shredded aluminium scrap is exported from East Anglian Metal Merchants, at Barking, to the German Rhur district and to be sure that the material meets the quality demanded by foreign buyers, the company has installed a 36 in diameter electro / permanent magnetic drum separator immediately after its shredder from Eriez Magnetics UK.

The scrap drum is said to remove most of the ferrous contaminants in the processed material without any interruption to flow rates.

More from Eriez at Wilson Industrial Estate, Caerphilly, mid-Glamorgan, Wales CF8 3ED. (0222 868501).

● COMPONENTS

Saves rainwater

DURING THE drought of 1976 more people than ever before began to collect rainwater which flowed from the roof via gutters and downpipes for use in the garden and general domestic purposes. The practice was adopted widely as the long dry summer went on but posed problems of controlling the overflow when rainwater receptacles had filled up.

A unit called the Osma Rain-Trapper from Wavin Plastics, has now been introduced and promises to prevent overspill. The device, while allowing free flow of water into a butt or tank incorporates an overflow regulator which is said to obviate overspill by directing excess water back into the house rainwater system when the butt is full.

The maker says it is easy to connect to any circular 2½ inch new or existing PVC rainwater pipe and can serve butts made of a variety of materials. Should the butt be removed, rainwater can be diverted into the house rainwater system by simply sealing the outlet tube by means of a special sealing cap.

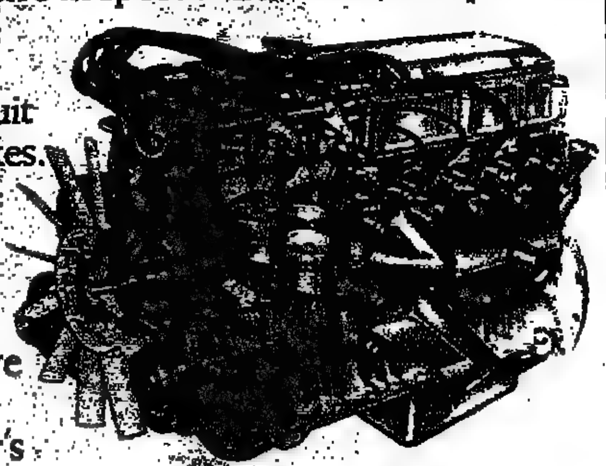
More on 01-573 7799.

How do you want your Rover?

With the new Rover 2300 coming into full production, you now have a choice of three outstanding Rovers. To help you choose we offer a summary guide to the new Rover range. The three new Rovers share the elegant, aerodynamic body made famous by the award-winning Rover 3500. But each Rover has characteristics and features that are all its own, distinguishing them from each other and the Rover range from the rest...

Rover 2300

Powered by one of the new 6-cylinder in-line Rover engines (2350cc) with aluminium head, developing a healthy 123 bhp. The crisp gearbox is 4-speed manual with 5th speed and automatic options.



Rover safety: the sure stopping power of dual-circuit servo-assisted brakes.

Rover safety: in case of accident, fuel supply automatically shuts off.

Comprehensive weather and grit protection: the car's paintwork is electrophoretically primed and thermoplastically finished.

There's full underbody protection, zinc sills and stainless steel bumpers.

More safety: high intensity rear foglamps, twin reversing lights, hazard lights and front door-open warning reflectors. Inside, an energy-absorbing fascia and adjustable, telescopic steering column. And on all Rover models, a Triplex Ten Twenty Super Laminated screen, the safest production windscreen in the world.

The 2300 doesn't skimp on comfort: reclining front seats have head restraints, there's cut pile carpeting and an easy-to-clean rubber boot surface, a push-button radio, cigar lighter, twin glove lockers and a driver's door mirror adjustable from inside.

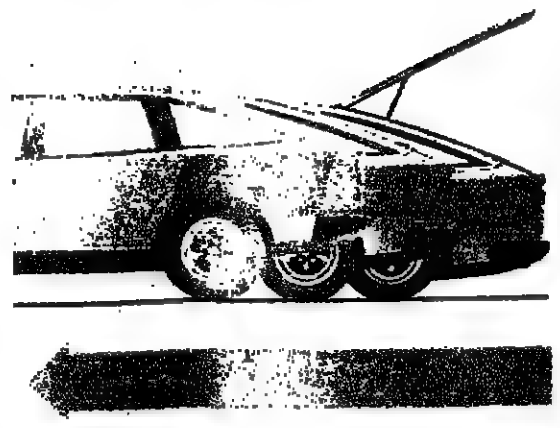
With all that safety and comfort goes high performance: a top speed of 114 mph and 0-60 acceleration of 11.5 seconds†

All for £5645.25*

Rover 2600

The six-cylinder engine is modified to deliver 136 bhp and, like the 2300 engine, features the Design Council Award-winning Air Temperature Control unit. Together with a belt-driven camshaft, it contributes to efficient fuel consumption and quiet running.

The 2600 introduces a self-levelling suspension system that ensures that the car is the correct height above the road whatever the load and however it may be distributed. The system also keeps the 4 beam halogen headlamps correctly aligned.



In addition to the 2300 specification you'll find map and glove locker lights, a carpeted boot, colour keyed fascia, more comprehensive instrumentation, extra comfort with box pleated seats, and extra refinement like front door-open warning lights.

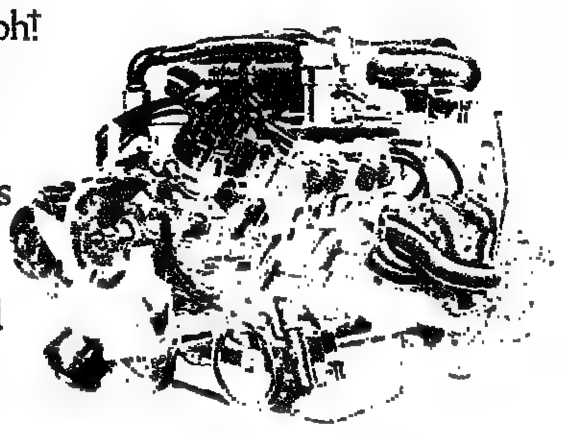
The gearbox is 5-speed manual with an automatic option: the car reaches 60 mph from standing start in 10.7 seconds and has a top speed of 119 mph†

In spite of its additional specification, the Rover 2600 costs just £5991.57.* A price level with considerable tax advantages to the business car user.

Rover 3500

The magnificent Rover 3500 obviously has everything the 2300 and 2600 offer. And more.

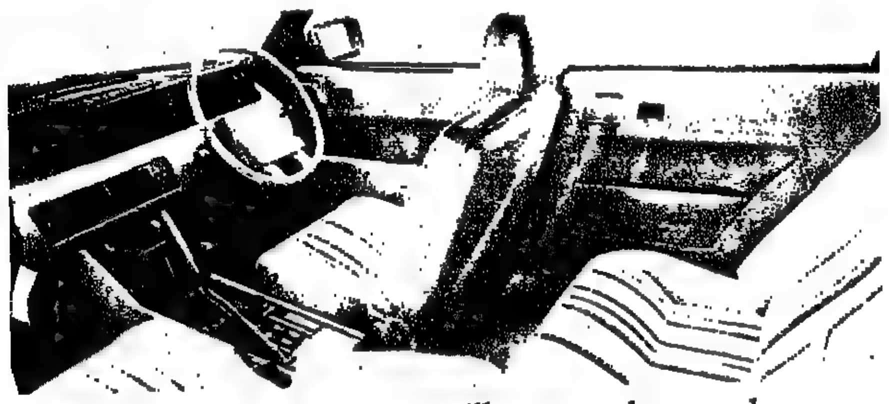
The famous Rover V8, 155 bhp engine is fitted with electronic ignition, which assists fuel economy, reliability and performance. The car goes from 0-60 in 8.9 seconds and has a top speed of 122.3 mph†



The 3500 adds power-assisted steering. The all-round tinted windows are electrically operated. All five doors can be secured from a central locking device in the driver's door.

With luxury features like the quad speaker push button radio and stereo cassette player, the 3500 is unmistakeably the range leader.

The award-winning Rover 3500 will cost you or your company £7174.44* (A price which now has considerable business car tax advantages).



Before you decide, you'll want to know a lot more about the Rover range than we have space to tell.

A visit to your Rover showroom will provide all the details and the opportunity of a test drive, which is usually the decisive experience.

Rover 2300/2600/3500

†2300, 2600, manufacturer's figures, standard manual versions.
3500, Motor magazine, manual.
*Prices correct at time of going to press and include car tax, VAT, inertia reel front seat belts and Supercover. Delivery and number plates extra.
(2300 shown with Dunlop Denovo option, available on all models.
Mudflaps available on 2300 and 2600 as showroom accessories.)

Building and Civil Engineering

Laing busy in Middle East

THE CENTRAL Military Command in Dubai has awarded a £4m contract to John Laing to build a sports stadium seating about 1,000 spectators in Dubai, United Arab Emirates. Due for completion at the beginning of next year, the stadium building will be of reinforced concrete frame construction on two levels.

The ground floor will accommodate changing areas, staff rooms and a lounge for 60 competitors. At first-floor level there will be a visitors' lounge for 120 people together with associated rooms.

Stand seating will consist of smooth-finish pre-cast concrete units surmounted by GRP tip-up seats, supported on loadbearing brickwork walls. External walls will have coloured Tyrolean spatterdash finishes and the floors in the stadium public areas will be paved with terrazzo.

A special synthetic grass playing surface will cover the full-size football pitch, bordered by an eight-lane athletics track, and there will be facilities for field events on the west side of the track, opposite the stadium building, with overall floodlighting arranged on four 16-metre-high columns.

At Zakher Village, Al Ain, Abu Dhabi, a pilot project worth £1.1m is to be undertaken by Al Naboodah Laing. This contract, for the construction of 40 single-storey houses, has been awarded to the company by the Office of the Diwan of the Eastern Province of Abu Dhabi, and is to be completed by May next year.

These houses will be of traditional construction, the walls in concrete and blockwork, with all external walls clad in locally made sand-lime facing bricks. Each will consist of six rooms loosely arranged in an elongated "U" layout which will include terraces and purdah walls. The foundations and roofs will be constructed in concrete.

The Department of Public Works of the Emirate of Abu Dhabi has designed this project and the consulting engineer will be Conser of Al Ain.

In Iraq

Ingeco Laing International SA, member company of the Altech Group, has been awarded a contract worth about US$10m by Oil Refineries Administration covering the supply on a turnkey basis, with the exclusion of civil works only, of a plant at Qaiyarah, Iraq, for the production of asphalt from locally produced crude oil. Estimated capacity of the plant will be 120,000 tonnes per year.

Upgrading a road in Kuwait

THE W. S. ATKINS GROUP, of Epsom, Surrey has been awarded a £2.3m consultancy commission by the Ministry of Public Works in Kuwait to design and supervise the upgrading of the dual-carriageway Fahaheel road to expressway standards.

This work will involve 37 kilometres of the existing three-lane dual-carriageway which runs southwards from the suburbs of Kuwait City through areas of increasing urbanisation to and beyond the Port of Shuaiba. The project also includes upgrading three kilometres of the Sixth Ring Road westward from its junction with the Fahaheel Expressway.

The upgrading operation will involve the construction of 16 grade-separated junctions, 13 ground level intersections, and the installation of hard-shoulders and concrete safety barriers in the central reserve. This work will require the construction of 18 prestressed concrete bridges. In addition, Atkins will be designing traffic signals, lighting and bilingual direction signing for the complete route.

Total cost of the project will be about £40m and it is expected that tenders will be invited this autumn.

£10m job for Tarmac

AWARD OF a £10m sub-contract for all the building and civil engineering work involved in the second phase of construction of the power station at Sharjah in the United Arab Emirates has been announced by Tarmac International.

Tarmac's remit covers foundations, culverts, pipework as well as all the buildings and structures associated with the power house. Also included are a pumphouse, desalination plant and a 7.4m gallon reservoir. Main contractor is Gruppo Industrie Elettro Mechaniche per Impiante All'Estero SPA of Milan.

Consulting engineers are Kennedy and Donkin with Sir William Halcrow and Partners as associated civil engineering consultants.

Cubitts tops £50m at Thamesmead

WITH THE Greater London Council's latest award of £3.5m to Holland, Hannen and Cubitts, for advance civil engineering work in Area 8 East of the new riverside town, the company has now won more than £53m contracts at Thamesmead.

Work has just started on the two-year job which will be to provide the ground work for more than 750 new homes. The company is designing and installing more than 3,000 foundation piles to support the homes, constructing sewers, providing 100,000 cubic metres of fill, and building roads and a subway.

Looking into Abu Dhabi

A SITE investigation contract valued at about £600,000, for a new harbour and oil refinery in Abu Dhabi, Gulf, has been awarded by the Abu Dhabi National Oil Company to Soil Mechanics Gulf Company, a subsidiary of the Bicknell-based Soil Mechanics.

Work has already started at Ruwais on the Gulf coast about 125 miles west of Abu Dhabi town, and includes detailed on and off-shore site investigation and foundation design for the refinery and a bulk cargo harbour. Also included are complete underwater and underground surveys.

Snamprogretti of Italy is to supervise the operations related to the refinery and ADNOC will direct the works for the harbour. The whole programme is expected to take three months.

Maintaining historic Brighton

THE GUILDFORD based construction company, Y. J. Lovell (Southern) has been awarded a contract for £940,890 for the redevelopment of the Wadham Stringer site between Ship Street and Middle Street, Brighton for Grosvenor Estate Commercial Developments.

Comprising 26 shops, 10 maisonettes, three flats and 930 square metres of new and refurbished offices, the scheme will be known as Dukes Lane.

The company says an outstanding feature of the development is that it has been designed as an extension of the historic "Lanes" which lie immediately to the east of the site, and, for this reason, the architecture is deliberately "mixed."

The roof line includes gabled roofs, hipped roofs with dormer windows and flat roofs. Additional variety is achieved by using both grey and blue slates and mock chimneys. Elevations are finished in plain brick, stucco or flint and Dukes Lane itself—which is to be open for pedestrians only—is in brick paviours.

IN BRIEF

● A contract valued at over £324,000 has been awarded to the Broxburn branch of Alexander Hall and Son, a member of Aberdeen Construction Group, for construction of a sheltered housing unit at Almondall Road, Broxburn, West Lothian, is for the Bield Housing Association, Edinburgh.

● Taylor Woodrow is to build four blocks of residences for medical staff and students at the Royal Free Hospital, Hampstead, for the North East Thames Regional Health Authority, under a contract worth around £430,000.

● Mellowes Metfab, member of the RTZ Industries Group, has been awarded a contract for Politbur Engineering, through Haden Young of Manchester, for 3,000 steel W20 windows to a PVC complex in Poland.

● First members of the newly formed Portal Frame Manufacturers Association are Atcost, Bell and Webster (Structures), Crendon Concrete Company, Marley Buildings and Trent Concrete.

Improving homes

CONTRACTS WORTH nearly £2m for house modernisation have been won by D. T. Bullock and Co., a member of the Whittaker Ellis Bullock Group.

One contract starting later this month, worth £1.5m, is for modernisation of 324 married quarters at RAF Tern Hill, Shropshire, for the Property Services Agency.

The other contracts for similar work are being carried out for Tamworth Borough Council at Bole Hall, Tamworth, and for the Guinness Trust at South Bank, Middlesbrough.

Gatwick helicopter centre

NORWEST HOLST Southern has been awarded a £2½m contract to redevelop British Airways helicopter headquarters at Gatwick Airport.

The contract covers redevelopment of the office and engineering blocks as well as external works and including the construction of a 50 metres x 50 metres x 10 metres high hanger with single span roof.

Project manager is the civil engineering branch of the Property Department of British Airways assisted by architects Norman Royce, Hurley and Stewart, structural engineers Ronald Taylor and Associates, civil engineers Edwards and Blackie who are also the building services engineers and quantity surveyors John Cobb and Partners.

Work which has started is due for completion in March, 1980.

Government centre in Abu Dhabi

THE DESIGN contract for a parliamentary complex in Abu Dhabi in the United Arab Emirates, has been awarded to consulting engineers White, Young and Partners working in collaboration with architects John Brunton and Partners.

The project calls for an assembly hall with seating accommodation for over 500 and includes a ceremonial reception suite and ministerial offices.

The site, which is over a quarter of a mile long, will contain all the administrative accommodation and services necessary for a modern centre of government, and will include residential quarters as well as shaded arcades, formal gardens, ornamental pools and fountains.

White, Young says it is expected that work will commence within the next 12 months with a contract period of two years. International tenders are to be invited. The complex will cost about £6m.

House for today

A PROTOTYPE of an "instant house" was displayed last week at the opening of BTR Permali RP's new factory in Gloucester.

The system, called GRP 1200, was conceived and marketed by the Glass Reinforced Plastic Corporation, hoping to offer an answer to growing demand for quickly erected buildings at minimum cost.

A major outlet for the system is anticipated in rapidly developing countries, principally in the Middle East, and the modular design can be adapted for other applications such as hospitals, schools, barracks, offices, hotels, and leisure complexes.

GRP was chosen because of its high strength to weight ratio—comparable with mild steel—and its suitability for volume production.

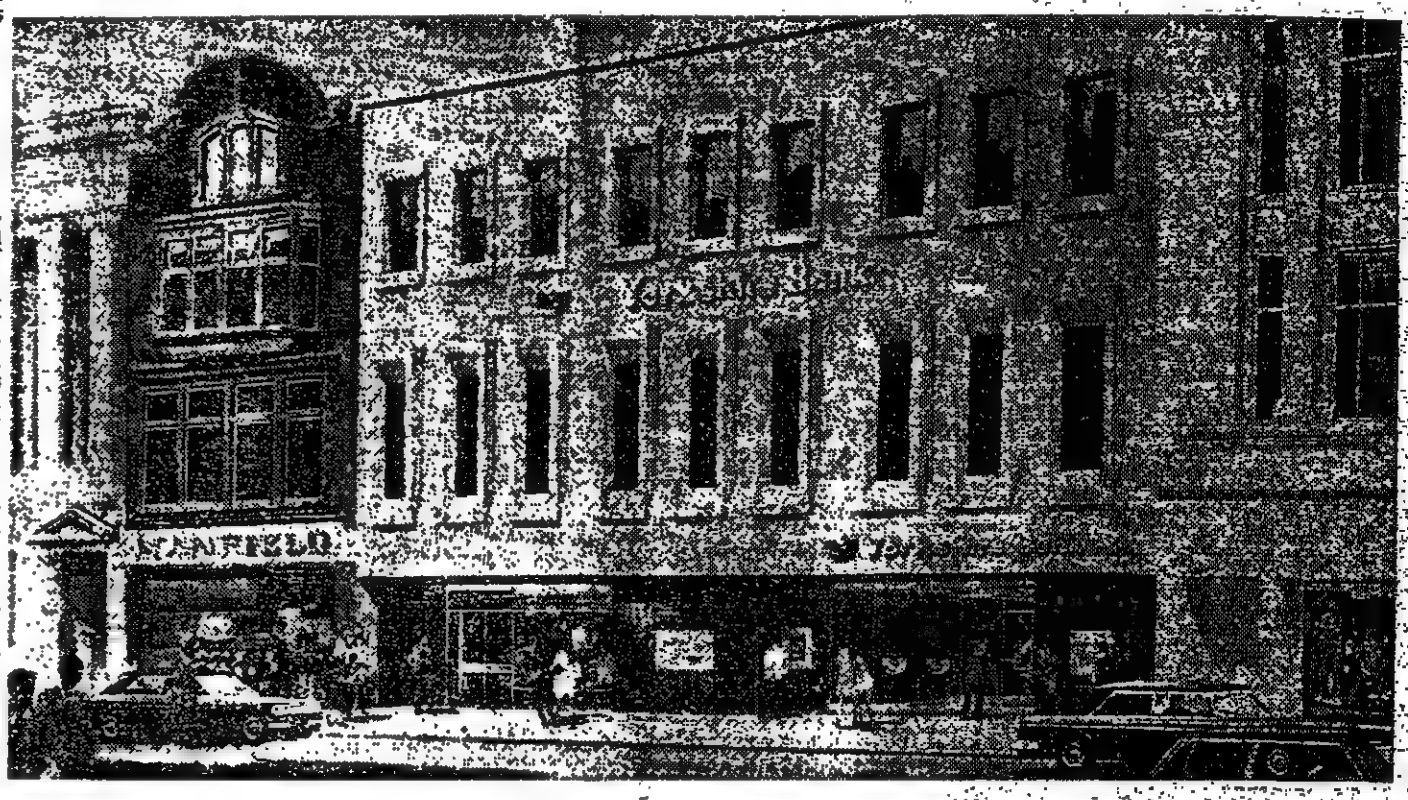
Bovis wins £2m awards

THREE MAJOR contracts totalling over £2m have been awarded to Bovis Civil Engineering of Westbury, Wiltshire.

The largest is for an underground car park surmounted by a store and warehouse for Associated Dairies at Lower Earley, near Reading. The building is to form the nucleus of a shopping centre for the new town of Lower Earley which will be developed over the next ten years. The contract, worth £1.5m., includes eight lock-up shops, offices, canteen and toilets.

Platt Saco Lowell has awarded a £½m contract to the company to build a new smelter for a textile machinery plant at Bolton, Lancashire. This work requires the demolition of old furnaces, piling, reinforced concrete foundations and a structural steel framework for the smelter's control building and electricity sub-station.

At Westbury the company is carrying out a ground works contract valued at £350,000 for a new extension to Tesco's regional storage depot.



Artist's impression of a new branch of the Yorkshire Bank being constructed under £700,000 contract by Henry Boot in St. Sepulchre Gate, Doncaster. The building has a reinforced concrete frame and the heavily sculptured facade will be clad in granite and hard York sandstone.

The Executive's and Office World

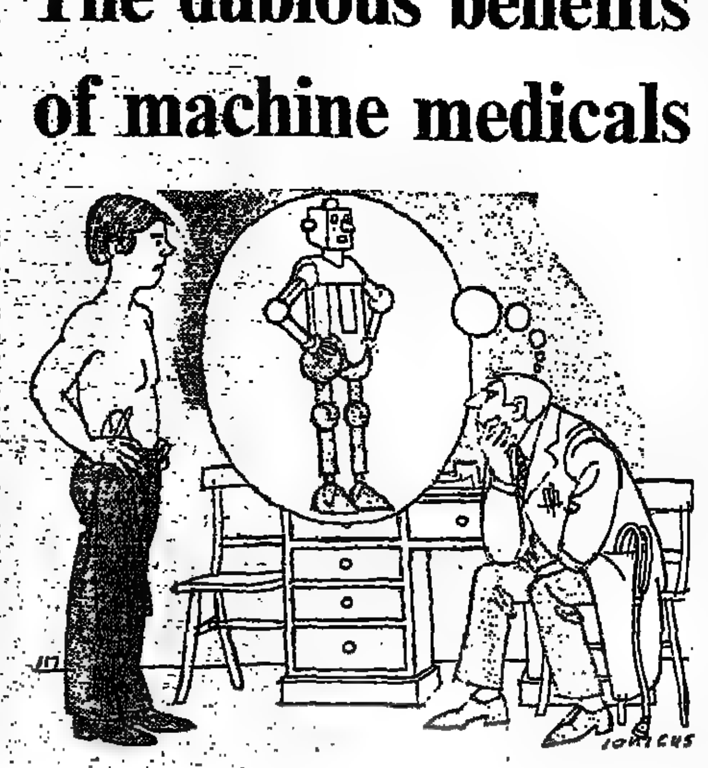
EDITED BY CHRISTOPHER LORENZ

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

The dubious benefits of machine medicals

SOME MODERN medical methods tend to lose sight of the human being as a person and regard him as nothing more than a machine which has no soul nor any natural powers of recovery. Over-zealousness on the part of a growing band of scientifically orientated individuals who appear to have no conception and certainly no faith in the remarkable powers of self-healing of the human body, when both somatic and psychological factors are encouraged to combine harmoniously, is responsible for methods of treatment which, in years to come, may well be regarded as being as unfortunate as the less dangerous errors of Avicenna, the 10th century philosopher and physician, who never forgot that a patient was an individual, not simply and callously a "case."



. . . regarding him as a machine . . .

North America, where even childbirth seems to be regarded as an abnormal occurrence, is the cradle of many undesirable inspirations and their products; and from there originated the idea and inception of the volunto-compulsory, annual medical examination for executives, involving as little human participation as possible. The practice is spreading in this country and is no longer confined to American enterprises operating far from home. Happily the process has not reached—nor, I trust, will it ever reach—cancer-like proportions.

For example, there is at least one veritable medical hypermarket, so I am told, which is devoted to "processing" executives. The building has many floors and the examinee is whisked to *the top where he fills* in forms which are then fed into a computer. The machine then tells him to descend a floor where he is X-rayed, run through an electrocardiograph and other machinery. Then down a floor where gowned and masked figures extract various fluids from his body; and so on through the floors until he reaches the mezzanine floor where he is presented with a sealed envelope. This does not contain the scientific findings; only the bill. As a precaution against seizures, perhaps, this may be taken to the ground floor.

Long ago I wrote about the effect on an executive when his curiously beneficient management offers similar services entirely at *their* expense. Now the individual has a seemingly *simple alternative. He can refuse.* He can accept. If he takes the former line, sooner rather *than later he will begin to* worry about the reactions of his employers. Why has he re*fused? Is he afraid* that some dire disease may be discovered? Maybe, indeed, he is himself subconsciously *fearful?* Suffice it to say that a healthy atmosphere for promotional prospects is not created.

Fortuitous

Supposing he agrees and goes through the battery of tests and then, quite fortuitously, during the succeeding months, he fails to climb the ladder in *the* way he had expected—or even drops a rung or two.

*He may well formulate fears that some dire medical dis*order has been discovered and revealed to his superiors. How*ever much he may be assured* that the doctors in charge would never inform anyone other than their own colleagues of some dreadful disease, and then only when necessary, it is no easy task for an employee to put from his mind that those who sponsored the exercise would uncharacteristically squander money from an alien sense of innocent altruism.

Now it *is* quite true that the machines and tests may reveal certain tendencies based on current notions, but only many years of experience will reveal the validity or otherwise of such surmises. On the other hand, it is common experience that most maladies of a truly serious nature do not remain silent for long. They show themselves as vividly as the feathers of a cockbird in spring. These will certainly be revealed again by the battery of scientific tests; but, alas, this does not for one moment mean that they can be as easily cured. On the contrary, they may lead to a state of hypochondriasis.

I must make it clear at this point that I am referring to "*full-body, total tests*" and not to matters more specific. For example, regular cervical *smears should be taken from* women, as early diagnosis here may well lead to a happy out*come. But here one is dealing* with disease that may have arisen as the result of treating *health rather than illness.*

A recent issue of the Journal of the Royal College of Physicians of London, reveals that, statistically, there is very little difference in life-expectancy etc. between groups who have had annual medicals over many years and control groups who have not participated in the exercise.

There is also mention of one complication that I had overlooked. In some candidates who are found to have, say, a higher *blood-pressure than is con*sidered normal, there is a tendency to begin to take time off *from work because of that* abnormality which, hitherto, had not exercised their imagina*tion.*

I must make it plain that I am not *against* annual medical examinations, whether performed by humans or machines, so long as individuals desire them at their own free will and expense, or, indeed, for any private medical treatment. It is their right and may promote happiness. And it is in no wise different from expending large sums on bigger, better televisions or outlandishly lavish weddings—practices not known among the ranks of those supposedly underprivileged.

For those who can afford none of these "luxuries," then that excessively expensive, incredibly inefficient, wildly wobbling juggernaut, the NHS, should be able to supply all their needs as the accoucheur of the enterprise, the late Aneurin Bevan, honestly and faithfully believed that it would so do.

Why employers are patently disturbed by the new law

Patents Act 1977

By a special correspondent

AS FROM last Thursday, when the provisions of the Patents Act 1977 concerning employees' inventions came into force, relations between British employers and their employee-inventors have been on a new, very different and decidedly problematic footing.

Up to now, Parliament has not interfered in this field. Any question about the ownership of an invention made by an employee was left to be decided by the terms of that employee's contract of service or, in the absence of express terms, by the *rules of common law.*

Under these rules, difficult questions about ownership could arise if there was room for doubt on whether the employee's invention has been made in the course of his duties. So, in practice, most large employers required their employees to agree that any inventions made by them at any time during their employment should be the property of the employer.

Under the 1977 Act, which applies to inventions made by *employees after June 1 1978,* the question whether an invention made by an employee be*longs to him or his employer* is no longer left to contract or the common law. It is governed by section 39 of the Act, which narrowly circumscribes the right of an em*ployer to claim ownership of* an invention.

Broadly speaking, the section provides that an employee's invention shall be taken to belong to his employer if made in the course of the employee's duties; and in circumstances where either an invention might reasonably be expected to result from the carrying out of those duties, or the employee had a special obligation to further the interests of the employer's undertaking. In all other cases, the invention will belong to the employee.

The Act, also for the first time in British patent law, enables employees to claim compensation for inventions they have made.

The good intentions of those who framed the new provisions are not in doubt. But many employers and their advisers have serious misgivings as to how things will work out in practice. Since it will no longer be feasible for an employer to agree with his employees that any invention the latter may make during employment shall belong to him, some employers *fear* there will be interminable conflicts as to the ownership of inventions.

They also fear that when such conflicts occur it may in some cases be impossible to reach agreement *that the invention* should be exploited pending the resolution of the dispute, when it may be too late to put it to practical use.

They believe that the new *provisions may give rise to an* unwillingness on the part of employees to reveal new inventions and ideas and to caginess and rivalry between fellow employees working in the same field.

As for the compensation provisions, how is an employer, particularly a small employer, to allow for the possibility of a large claim for compensation arising perhaps 20 years after the invention was made?

The pessimistic view was well put by Lord Eccles during the Second Reading debate in the House of Lords, when he remarked that the provisions apeared to do nothing more than provide a feast for lawyers and would very likely imperil the relations between employee and employer. Even if one does not go all the way with Lord Eccles, one is left with the feeling that the new pro*provisions are likely to do more* harm than good.

And how employees stand to gain

EMPLOYERS and employees cannot effectively contract out of the new provisions. Section 42 of the Act, following in this respect the recommendations of the Banks Committee on the British Patent System (July 1970), provides that any term in a contract between an employer and an employee which diminishes the latter's rights in inventions made by him after the date of the contract (and *after June 1, 1978) shall be un*enforceable "to the extent that it diminishes his rights."

For compensation to employees, different provisions apply, depending on whether the invention belongs to the employer or to the employee. By section 40(1) of the Act, an employee who has made an invention belonging to his employer for which a patent has been granted, and who claims that the patent is of outstanding benefit to his employer—and that it is just that he should be awarded compensation to be paid by the employer — may apply for compensation to the Comptroller of Patents or the court, within "the prescribed *period.*"

In the case of an invention made by an employee, he may also apply for compensation to the Comptroller or the court within the presented period, providing certain conditions apply: a patent has been granted and the employee's rights in the patent have been assigned to his employer; the benefit derived by the employee on the assignment is inadequate in relation to the benefit derived by the employer: it is just that the employee should be awarded compensation to be paid by the employer, in addition to the benefit derived from the contract of assignment.

The prescribed period is a period which begins when the relevant patent is granted, and expires one year after it has ceased to have effect. The term of a patent under the 1977 Act *is 20 years.* Employers must therefore now prepare themselves to receive applications for compensation up to 21 years after an employee's invention was made.

The amount of compensation for both kinds of invention is stated in section 41 of the Act to be "such as will secure for the employee a fair share (having regard to all the circumstances) of the benefit which the employer had derived, or may reasonably be expected to derive, from the patent. . .". And the section contains elaborate additional provisions as to what is to be taken into account by the court or Comptroller in determining the fair share.

So, in determining the *fair* share in respect of a patent which has always belonged to the employer, the court or Comptroller must take into account, among other things, the nature of the employee's duties; his remuneration; the other advantages he derives or has derived from his employment or in relation to the invention under the Act: the effort and skill he has devoted to making *the invention: the effort and* skill which any other person has devoted to making the *invention;* and the contribution made by the employer to the invention by the provision of *advice and facilities and managerial* and commercial skill.

In determining the fair share of the benefit to be secured to an employee in respect of a patent for an invention which originally belonged to him, the court or Comptroller must take into account, among other things, any conditions in a licence or licences granted in respect of the patent, the extent to which the invention was made jointly by the employee with any other person and the contribution made by the employer to the invention.

The author is a QC

Braun designer wins top British medal

MANUFACTURING industry last week chalked up a new British "first" in top-quality design—but the victor was a German.

For the first time the Society of Industrial Artists and Designers awarded its annual De*sign Medal to a designer who is* a full-time employee of a manufacturing company—Dieter *Rams, the brains behind the* top-class design image of Braun, the West German domestic appliance maker.

The *Society* argues that it is little more than coincidence that its first medal to a designer *employed in manufacturing*—and engineering, to boot—has gone abroad. The award is generally given to non-British de*signers every second year,* and 1978 was the turn of a foreigner.

The fact remains that no British *designer in manufactur*ing has yet seemed an obvious "must" for the medal.

Rather than blaming the quality of British designers for this failing, which epitomises the poor design reputation of many U.K. industrial products—and their poor export performance—*it is* just as likely that the fault lies with the individual designer's lack of influence in the companies for which he works. For this, it is only the top management which can fairly be blamed.

So if you want your company to be as successful in the market as Braun, take a leaf from its book, and make your top designer directly responsible to *the chairman himself,* on a par with all your other directors—in essence if not in name (Rams is not actually on the board).

This would mean a major change for almost every British *manufacturing company, whose* top design executive—if it has one—will at best be responsible to the board as a whole (and therefore junior to all the directors): or answerable to production or marketing, and therefore even more subservient.

To Rams, the three yardsticks of good industrial design are: functional quality: aesthetic quality; and "manufacturability." It is the successful, and cost-effective combination of *all* these three which have sustained Braun's success in the marketplace ever since Rams instigated its "design revolution" over 20 years ago.

C.L.

LOMBARD

Computerised seaweed

BY ANTHONY HARRIS

BERNARD CORNFELD, the well-known investment unit promoter, has left us with one memorable phrase, if little else in his favour. Rather than crudely telling his salesmen that they must be prepared to put their consciences into cold storage for the duration, he simply posed a question which has become a book title: "Do you sincerely want to be rich?"

I have sometimes thought that if I wanted sincerely to be rich, I would concoct a best seller. It would be called "Zen and the art of monetarist forecasting," and be sold at some enormous price. Forecasting is a growth industry, and the monetarist approach, which simply derives one set of numbers from another set, is wonderfully labour-saving. All you need is something approaching religious faith—a mind above the sordid details of what money actually is and who owns it. It is, in short, an ideal occupation for the do-it-yourself enthusiast.

Respectable

The econometric approach, by contrast, which is based on the attempt to specify and measure a host of significant relationships in the economy, and thus embodies a statement about how the economy works, is nothing if not hard work. It may not work frightfully well—after all, forecasting would not be a growth industry if anyone did it frightfully well—but it is intellectually respectable. At least, it has been in the past.

The doubt confessed in the last sentence arises from reading the latest Bulletin from the National Institute of Economic and Social Research. This is not only an earnest and hard-working body, but an uncommonly honest one. It does not just offer forecasts; it confesses its own doubts and difficulties in producing the numbers it does offer, as well as frank post-mortems on its past performance. That is why the Bulletin is always worth reading, even if you disagree violently with its analysis.

This month it has some very startling confessions to make. It recognises, for example, that the exchange rate is centrally important in its forecast, and even assumes that it knows the Government's policy about the rate and, still more hazardously, that the Government will succeed in executing that policy. But even with all these assumptions, it has very little idea of what the exchange rate is actually likely to be. There is, apart from anything else, what is called an iterative problem here. The exchange rate is meant, in the Bulletin view, to preserve competitiveness and offset relative inflation; but the inflation rate, including the movement of wages, may be strongly influenced by what happens to the exchange rate. Add the fact that no-one is sure how to define or measure competitiveness, and you are in deep trouble. If you take further account of the fact that the publication of apparently authoritative forecasts of inflation which are in fact based partly on guesswork may itself influence wages, prices and the exchange rate itself, and your trouble becomes so deep that discretion might be thought the better part of forecasting.

The inflation-cum-exchange rate forecast has, however, at least the merit that it represents an honest attempt to apply the National Institute's own methods. What the Bulletin confesses about trade and investment is in a way much more shocking. Here the Institute's own formulae have simply broken down. Both imports and exports have been growing faster than the Institute can complain. Investment is still worse: it has risen sharply when the Institute's own relationship shows that it should have fallen sharply.

Shut up

For these purposes, then—and they are absolutely central to any econometric forecast—the formulae have simply been suspended. Instead, the forecast projects trends which the forecasters do not even pretend to understand. In the real world of the moment, in which very little is happening, this naive form of projection happens to produce pretty accurate forecasts; but its economic content is equivalent to equipping the Meteorological Office with a piece of computerised seaweed.

The fact that what one writer has called the awful cussedness of things in general is reducing even serious and earnest forecasters to mumbo-jumbo does tell us something about the real world. When financial flows are highly abnormal, and confidence is manic-depressive, the normal rules are suspended. Unfortunately this very atmosphere increases the general hunger for forecasts, which confer a spurious air of predictability on things. It is perhaps time for honest forecasters to shut up for a time, and leave the field to those who sincerely want to be rich.

THE WEEK IN THE COURTS

Shades of opinion

BY JUSTINIAN

AN ITEM in the Press last week prompted the immediate reaction that the life of a lawyer is becoming more than a little hazardous now that there is recognisably a greater identification of the lawyer with his client.

The development is both professionally disturbing and in the long run unhelpful to clients' litigious, if not political, causes.

A lawyer involved in the West Berlin trial of suspected members of the notorious Second of June Movement had been shot in the foot on his way to Court. This event was not unique in the country where civil liberties struggle manfully against violent and anarchistic movements.

The West German legal professional has been seeking comfort and moral support from its brother organisations abroad in its fight to maintain its rigorous independence.

If none of the uglier occurences on the Continent has had its counterpart in Britain, there is little room for complacency.

Judges in England have received letter bombs and all judges trying IRA terrorist cases in the last few years have been provided with special protection.

Only recently the Court of Appeal (Criminal Division) sat unprecedently at the Old Bailey to hear an appeal by IRA terrorists because the security arrangements at the Law Courts in the Strand were considered inadequate.

Lawyers engaged in cases may have escaped anything worse than special searches of their persons and belongings. But there is a fear that they too may be vulnerable to the extremists.

Despite the taxi cab principle—that every barrister is bound to accept any brief offered him if he is not otherwise professionally engaged—it is well known that some barristers are chary of appearing in cases involving the most violent, politically motivated accused, even to the point of deliberately limiting the frequency of such representation.

Identification with a certain class of accused, it is feared, might attract retribution from disparate sources outside the courtroom. Most, if not all of this anxiety is associated with the terrorist cases and not ordinary, non-political crime or civil litigation.

There is little sign of the Mafia-hired lawyer in Britain, although the police, prompted by some utterings of Sir Robert Mark, the former Commissioner of Metropolitan Police, are fond of pointing the finger at some firms of solicitors for aiding and abetting professional gangsters in their escapades in the courts.

The worry stems from the simple fact that a client's lawyer is seen more and more nowadays by the involved and politically committed public as not just the client's mouthpiece but also his active sympathiser in his cause.

Clients desire to play an active role in the preparation and conduct of their cases and they seek in their legal representatives allies beyond the mere forceful presentation of their cases in court.

The ideal type of representation is said to be not just an accessible person, with knowledge, experience and skill who takes command of the case and assigns his client to a passive role. What is sought is a partnership or joint enterprise which goes beyond the strict confines of the courtroom.

Two years ago the then chairman of the Bar said the concept of representation as a joint enterprise might "possibly necessitate a greater identification by the lawyer with his client than is normal in a more traditional practice."

Resistance

Why is the lawyer resistant to such a new role? Does his resistance sound a precautionary note in the wise administration of justice?

The traditional approach of the legal profession has been to admit that the solicitor is bound to hold his client's hand through the thickets of the legal process, and inevitably to become his confidant, while leaving the intricacies of representation in court to the barrister who can detachedly conduct his professional exercise without the distraction of personal association or sympathy with the client.

Barristers do their job best by leaving their personal views outside the courtroom. The most successful advocates have been either insensitive to the causes they pleaded or have been thoroughly schizoid. Personal identification with the client's case gets in the way of the most effective advocacy.

Courts are more receptive to the advocate who appears to argue his case in an objective manner—this is much less true of jury trial where rhetoric and pleas to the heart are more evidently in play. There is little doubt that a lack of objectivity in the advocate tends to obfuscate the legal issues involved, to the evident disadvantage of the client's case.

Yet more and more clients are asking to be represented by lawyers who are known sympathisers to their causes, and not just in their strictly legal context.

As in other fields of human endeavour, there are legal horses for courses. There are barristers who practice exclusively in commercial law, or hold themselves out as experts in taxation, or have some other speciality which is not widely available among the general run of practitioners.

But they offer their expertise to all comers, irrespective of claims to professional or personal sympathy.

It is fundamental that a client should have the lawyer of his choice. No one would want to interfere with that right. What the leaders of the legal profession worry about is that individual independence is threatened whenever the client dictates to the lawyer how the case is to be conducted. The lawyer in sympathy with his client is more likely to be deflected from his essential role if such influences prevail.

This concern is not so much a reflection of the apotheosis of professionalism but is prompted by the ardent desire to ensure that all representation should be the best available.

The leaders in the legal profession in England are not unnaturally worried that a fusion of the two sides of the profession will serve only to increase the identification of barrister with his client.

The trend in present practice is the most powerful factor in promoting the preservation of a divided profession, even if the financial cost of maintaining the status quo is more than the country's economy can bear.

It is a trend which is likely to colour the recommendations of the Royal Commission on legal services which will be reporting early next year.

Drive to boost Highland tourist board

THE SCOTTISH Highlands and Islands area tourist organisation launches a drive this week to make itself more self-sufficient by increasing the number of trade members—hotels, guest houses and shopkeepers—who now provide 20 per cent of its income.

Dr. David Pattison, head of the board's tourism division, said at the week-end that tourist organisations provided a unique service, not confined to booking visitors into rooms, by advising and involving themselves in promotion, marketing and development.

However, the organisations could not play their full role in Highland tourism without a strong trade membership. By joining the tourist organisation the trade not only supported it financially but could become involved in determining the future policy of its local organisations.

WORLD CUP BY ANDREW CLAIRE

It came OK on the day for misguided media men

BY ANDREW CLAIRE

BUENOS AIRES, June 4.

THE FIRST match of the World Cup finals was a duel of political cynicism between Germany and Poland. Most of the other games over the first weekend were marred by fouls and/or inept football and yet you can find no journalist in Argentina wearing a scowl.

The scenes here in the week leading up to the start of the tournament took on shades of richest farce for the 4,000 media men in the gathering at the great global sporting events. Every Press centre is a new planet.

In Britain in 1966 the Press desks were manned by members of the lower echelon of the establishment, blue blazered, picked because they were "used to dealing with men."

They did the job well enough provided they were not confronted by foreigners looking like dammned gigolos with open shirts and medallions who tried to smuggle bits of foreign fluff into tearooms and were bright enough to understand English when it was shouted at them slowly.

In Mexico in 1970 the centres were staffed by gorgeous girls handpicked from the better families who had acquired their languages in finishing school run by nuns throughout Europe. All wore shocking pink, an entirely inappropriate colour, for when you broke the news that you were not interested in an outing to a Mayan tomb but merely wanted to know what had happened to the cable you had sent to Manchester or Munich for crissakes, they turned bright crimson and fainted away.

In Germany for the World Cup of '74 we were met by armies of staff in apple green who could not have acted with greater efficiency had they chosen field grey. Within second of clocking in at Munich or Frankfurt you were whipped up against a wall, shot by a Polaroid camera and encapsulated in a plastic identity card which came whizzing across the reception desk together with tickets for every game you had requested plus not-to-be refused invitations to take bratwurst with the burgermeister.

Fine, so long as you didn't change your mind. "Vas, you no longer vish to see det spiel mit Estonia unt Antartica; you vant to see Skotlamd instead?" They had ways, they sort of implied, to make you walk to the game for which you were scheduled.

At the Montreal Olympics the staff wore magenta suits and uniform looks of North American eagerness to please that broke your heart. You explained how you needed a bus to get to the rowing centre. They undertook to fix it in five seconds, left—and never ever came back.

Gloss

Montreal was also the place where the computers finally took over. Ask at the right desk in the boxing stadium and a machine would chatter out who was leading with five laps to go at the cycle veladrome and what he'd had for lunch. Anything you could possibly ask was answered—even when you had long stopped wanting to know.

Argentina's Press centres are infested with ladies in chocolate dresses and orange pinnies who wear flags on their well-formed chests indicating which languages they speak. Most of them are better decorated than President Amin and incomparably more useful.

But their first task, it soon became clear, was to cast a gloss of smiling, multilingual charm over the chaos ruling in the organisational depths below. In Buenos Aires the Press Centre goes up and down five floors, and so for at least 20 hours a day do hundreds of journalists, scurrying around like misguided worker ants.

Transport was a great snarl-up. The shuttle service to far parts of Argentina promised for four years did not exist. Nor did the system of concession fares. Nor did the arrangements that scurrying writers get priority on planes over Baireans nipping up to see mum in Mendoza.

Communications looked an area of disquiet. Some of us will never forget the look on the face of the man who had filed a cable of about 2,000 words and watched as the "highly trained operator" began hitting the Telex machine with tentative tips of two fingers, her brow furrowed as she sought about the keyboard for the k in Scotland.

And no one will ever erase from memory the sound of a reporter's voice when told next day that his cable for a Glasgow morning paper had finished in the office of a Dundee evening.

Tickets: A week many had waited, unable to leave for provincial centres until they had multi-coloured slips of paper getting them into the matches they had come across the world to see. No one, at the end of the four-hour and six-hour queues that finally were serviced, got exactly what they wanted.

One correspondent was asked to sign a form acknowledging that he had received an envelope containing no tickets whatsoever, merely two stickers, "With Compliments of the Management", to brighten up the back window of his car.

"Sadly we have no places for you," said the lady... Next..."

Eventually it was sorted out. Three ladies with about 17 languages and a million smiles between them, four stern looking members of the ruling class, and a pile of banknotes three inches high that purchased the use of a telephone in the stadium, together worked the miracle.

But scars will never be healed for the Greek writer who stood outside the centre for 26 hours, on and off, unable to use any of the official languages and so unable to discover that he had been waiting in line to get casual work as a seller of coke inside a stadium.

Incredibly, when the football began we found the Argentinian claim that it would be all OK on the day absolutely justified. The telephones from River Plate stadium had writers of the world almost sobbing with joy—you dialled your office in London only once and thereafter merely pressed an extra button and a computer got your call for you. Magic.

Derby hope Julio Mariner in top trim

THIS YEAR, for the first time in my memory, bookmakers really do seem prepared to admit that events have fallen into place rather satisfactorily. They could hardly do otherwise.

Ante-post backers have been reeling ever since early spring. First there was Red Rum and the continued heavy support for him right up until the eve of the Grand National at which point Ginger McCain finally announced that the battle had been lost.

That was quickly followed by both Try My Best and Cherry Hinton failing to justify massive support in the 2,000 Guineas and 1,000 Guineas respectively.

Since then the rot has progressed with a succession of favourites for the Derby, including Leonard da Vinci, a top-quoted 5-2 chance little more than three weeks ago.

Now the dubious honour of being market leader has fallen—hopefully for the last time—to Inkerman, quoted at 5-1. But for the fact that this Vaguely Noble colt is trained by Vincent O'Brien and ridden by Lester Piggott it is doubtful if he would figure among the first six in the betting.

The Casbel colt's best effort to date was the six-lengths defeat of second-rate stable mate Encyclopedic at the Curragh recently, with the only contender of note, Icelandic, sickening with a virus, and trailing in last.

I shall be more than surprised if the Irish colt of whom O'Brien said "He'll run in the Derby, I suppose, because I've nothing else for the race" can complete a Derby hat-trick for Piggott.

It will be intriguing to see who is backed to beat Inkerman. I expect heavy backing on the day for Julio Mariner. His trainer, Clive Brittain, has high hopes for this son of Blakeney.

He described Captain Marcos Lemos's colt as never having been better, and reiterated that he would not be worried by the state of the ground, whatever it may be come Wednesday.

Julio Mariner, who was partnered by Edward Hide (bidding to follow up his 1973 triumph on Morston), impressed all who saw him do his final serious work at Newmarket five days ago. In a gallop on the Limekilns he finished ten lengths clear of stable mates Ribellaro, Royal Tiger, Cavo Rico and Caven Boy after being rousted by Hide.

Brittain, who was for a long time with Britain's leading post-war trainer, Noel Murless, at Warren Place, said: "I'd put Julio Mariner in the Royal Palace class—ahead of St. Paddy but no Crepello. That was the best horse we ever had."

RACING

BY DOMINIC WIGAN

FOLKESTONE

1.25—Sharptalker
1.55—Canfield
2.25—Gimra
2.55—Belle Reef**

BATH

2.00—Aragua***
3.00—Snow Baron*

CRICKET SPONSORSHIP BY TREVOR BAILEY

Cornhill has bought a £1m bargain

IF ONE ignores the Rest of the World series which was swiftly inserted into the programme to compensate for the loss of the South African visit, the present game at Edgbaston is the first sponsored Test match in this country.

Cricket is not a stranger to sponsorship. Indeed, it would be no exaggeration to say that the professional game could not exist in its present form without the revenue received, at both national and local levels, from an army of commercial concerns.

The reason why Tests have not been sponsored before is that they were already making sufficient money from gate receipts and television to produce a substantial profit, and it will be appreciated that sporting administrators turn to sponsors not from choice, but from necessity.

Soccer next

Until last summer the cricket authorities had been thinking about capitalising on international games, but without urgency or outcome.

Now I have little doubt that the time is fast approaching when soccer will follow cricket's lead and a number of its competitions will come on to the sponsorship market to produce extra cash and stop mass emigration of our best footballers.

The Tests against Pakistan are known as the Cornhill Insurance Test Series. Sponsorship was the direct outcome of Kerry Packer signing up a high proportion of the best cricketers in the world last summer by offering them more money than they could earn at that time in Tests.

Recognising the threat the Packer circus posed to international cricket, on which the whole structure of the game depended so much, possibly too much, the Test and County Cricket Board acted with unusual and commendable speed by accepting Cornhill's offer to act as sponsor, conveniently and quickly found by a cricket enthusiast. As a result, the potential earnings of English Test players have quadrupled inside a year.

It means they can earn as much for participating in recognised Tests with big crowds, excitement and glamour as they would in those ersatz Packer matches in Australia, and eventually elsewhere.

Danger

The Cornhill sponsorship, which would not have occurred without Kerry Packer, has countered the immediate danger of England losing the services of two exciting young cricketers, Ian Botham and David Gower, yet Packer has, by signing the best Pakistan players, reduced the significance and the importance of the present Test.

It does not really make sense for the tourists to be struggling against England while Zaheer was hitting a double century for Gloucestershire and Imran performing marvellously with bat and ball for Sussex. It underlines the adverse affect the Packer circus is already having on international cricket.

England and Australia may well with the aid of sponsorship, be able to avoid desertion to the Packer camp by rewarding their best players highly, but this type of money is not available in the West Indies, Pakistan and India.

I shall be surprised if at least four members of the present Pakistan XI do not sign for Packer at the end of this tour and join their five colleagues already committed, which, unless a compromise is reached, must make something of a nonsense of the rewened Tests against India next winter.

Cornhill is sponsoring Test cricket in England for the next five years and will pay the Board £1m, index-linked, or £200,000 a year for the right.

About half this sum will go direct to the players in prize money, to the umpires, and on payment of salaries for overseas tours.

The supporting back-up for any successful sporting promotion usually finishes up nearly the same as the initial outlay.

Cornhill has estimated this will cost it about £100 000 per annum, but if hospitality to clients and that imponderable, the time of senior executives, is included, the figure is likely to be closer to £200,000.

Although the operation may sound expensive, it is not so when measured against what would have been achieved with a £250,000 advertising campaign over one year in the Press and on television. Such a campaign is what Cornhill was considering when this chance occurred, and the sponsorship must represent a genuine bargain, especially for a company which deals so much through brokers.

Prestige

It is a prestige sponsorship, tailor-made for an insurance company or a building society. Cornhill was initially able to come riding in on a white horse to rescue English cricket from Packer. The move has been well received by the media, and Cornhill is bound to acquire considerable mileage in the national Press and coverage on both television and radio for, at the very least, 30 days a year.

It is difficult to add the specific value of those two prime sites which are regularly shown by the cameras during what could exceed 180 hours of television, including peak viewing times on the news.

Put it all against what it costs to advertise on commercial television and the sponsorship must be cheap, very cheap.

A small test, undertaken after the original involvement, showed a marked increase in public awareness of the Cornhill name. After five years it could well become a household word among the very people who are likely to want insurance. In that case this sponsorship must be worth considerably more than it is costing.

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40-7.55 am Open University. 9.38 For Schools, Colleges. 10.45 You And Me. 11.22 For Schools, Colleges. 11.42 Cricket — First Test: The Cornhill Insurance Test Series—England v Pakistan. 1.30 pm Camberwick Green. 1.45 News. 2.01 For Schools, Colleges. 3.00 Cricket—First Test: England v Pakistan. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 The Oddball Couple. 4.40 Cheggers Plays Pop. 5.05 Blue Peter. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 World Cup Report.
7.20 Angels.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "Play Dirty," starring Michael Caine.
11.20 Tonight.
12.00 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.30-1.45 pm Pili Pala. 2.18-2.38 For Schools. 5.55-6.20 Wales Today. 11.20 Wales Down Under: The 1978 Welsh Rugby Union Team v New South Wales (highlights). 12.00 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.20 Public Account. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55 Scene Around Six. 6.20-6.50 Land 'n' Larder. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth)

BBC 2

6.40 am Open University.
11.00 Play School.
2.05 pm and 4.20 Cricket—First Test: England v Pakistan.
6.35 Open University.
7.00 News on 2 Headlines with sub-titles.
7.05 Taking Shape.
7.30 Newsday.
8.15 The Two Ronnies.
9.00 Play Of The Week.
9.50 Tales of India.
10.30 Sea Tales.
11.00 Late News On 2.
11.10 Cricket: First Test (highlights).
11.40-11.50 Music at Night.

BBC-2 Wales only—7.05-7.20 pm Heddiw. 11.40 Taking Shape.

LONDON

9.30 am Schools Programmes. 12.00 Jamie and the Magic Torch. 12.10 pm Stepping Stones. 12.30 News, plus FT index. 12.53 Help! 1.00 The Rolf Harris Show. 1.30 About Britain. 2.00 After Noon. 2.25 Monday Matinee: "To Hell and Back," starring Audie Murphy. 4.20 Clapperboard. 4.45 The Tomorrow People. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames At 6.
6.35 Help!
6.40 Whodunnit?
7.30 Coronation Street.
8.00 You're Only Young Twice.
8.30 World In Action.
9.00 Strangers.
10.00 News.
10.30 The Savage West: "Hang 'Em High," starring Clint Eastwood.
12.30 am Close: A painting by Rembrandt with music by Beethoven.

All IBA Regions as London except at the following times:—

ANGLIA

12.55 pm Anglia News. 1.00 In Search Of... Atlantis. 2.00 Houseparty. 2.25 Mystery Movie: McMillan and Wife. 4.18 Cartoon Time. 5.15 University Challenge. 6.00 About Anglia. 12.30 am Reflection.

ATV

12.50 pm ATV Newsdesk. 1.00 Gardening Today. †2.25 Movies to Remember: "The Third Man" starring Joseph Cotten and Orson Welles. 5.15 University Challenge. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.00 The Savage West: "Hang 'Em High" starring Clint Eastwood and Inger Stevens.

BORDER

†12.50 pm Border News. 1.00 Gardening Today. 2.00 Houseparty. 2.25 Matinee: "Blithe Spirit." 4.18 Cartoon. 5.15 Garnock Way. 6.00 Lookaround Monday. 6.15 University Challenge. †12.30 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. †2.25 The Monday Matinee: "The Paradine Case." 5.15 University Challenge. 6.00 Channel News. 6.10 The Amazing Chan and the Chan Clan. 10.28 Channel Late News. 10.32 Survival. 11.00 The Savage West: "Hang 'Em High." 1.00 am News and weather in French followed by Channel Gazette.

GRAMPIAN

9.25 am First Thing. 12.50 pm Grampian News Headlines. 1.00 Wildlife Cinema. 2.25 Simply Sewing. 2.55 Monday Matinee. "Call Her Mom" starring Connie Stevens 5.15 University Challenge. 6.00 Grampian Today. 6.10 The Electric Theatre Show. 12.30 am Reflections. 12.35 Grampian Late Night Headlines.

GRANADA

12.50 pm Dodo. 1.00 How To Stay Alive. 2.25 Monday Matinee: "The California Kid." 3.50 Beryl's Lot. 5.15 University Challenge. 6.00 Granada Reports. 6.20 This Is Your Right. 10.30 Reports Politics. 11.00 The Savage West: "Clint Eastwood in "Hang 'Em High."

HTV

12.50 pm Report West Headlines. 12.55 Report Wales Headlines. 1.00 Landscape. 2.00 Houseparty. 2.25 The Monday Matinee: "The Games" starring Michael Crawford. 5.15 University Challenge. 6.00 Report West. 6.20 Report Wales.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 pm Penawdau Newyddion y Dydd. 2.00-2.25 Hamdden. 6.00-6.20 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 12.50-1.00 pm Report West Headlines. 6.20-6.40 Report West.

SCOTTISH

12.50 pm News and road report. 1.00 Gardening Today. 2.25 Monday Film Matinee: "The Girl Most Likely To" starring Stockard Channing. 3.50 Beryl's Lot. 5.15 University Challenge. 6.00 Scotland Today. 6.30 Crimedesk. 12.35 am Late Call.

SOUTHERN

12.50 pm Southern News. 1.00 Farm Progress. 2.00 Houseparty. 2.25 Monday Matinee: "One Way Street" starring James Mason. 3.50 Beryl's Lot. 5.15 Happy Days. 6.00 Day by Day. 12.30 am Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 12.50 pm North East News and Lookaround. 1.00 Last of the Wild. 2.25 Power Without Glory. 3.20 Generation Scene. †3.35 The Little Rascals. 3.50 Beryl's Lot. 5.15 University Challenge. 6.00 Northern Life. 6.40 Police Call. 12.30 am Epilogue.

ULSTER

12.50 pm Lunchtime. 1.00 Survival. 2.00 See You Monday. 2.30 Monday Matinee: "That Riviera Touch" starring Eric Morecambe and Ernie Wise. 4.18 Ulster News Headlines. 5.15 University Challenge. 6.00 Ulster Television News. 6.05 The Partners. 6.30 Reports. 12.30 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.50 Westward News Headlines. 1.00 Inner Space. †2.25 The Monday Matinee: "The Paradine Case" starring Gregory Peck and Ann Todd. 5.15 University Challenge. 6.00 Westward Diary. 6.25 Sports Desk. 10.28 Westward Late News. 10.30 Encounter. 11.00 The Savage West: "Hang 'Em High." 1.00 am Faith For Life.

YORKSHIRE

12.50 pm Calendar News. 1.00 How To Stay Alive. 2.25 Love Story. 3.20 Mr. and Mrs. 3.50 Beryl's Lot. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.02 Motor Cycling (news of the Isle of Man TT Races) and 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.33 World Cup Sports Desk. 7.02 BBC Northern Radio Orchestra (S). 7.30 Sports Desk. 7.33 Alan Dell: 7.33 The Dance Band Days. 8.02 The Big Band Sound (S) 9.02 Humphrey Lyttelton with The Best of Jazz on records (S). 9.55 Sports Desk. 10.02 Town and Country Quiz. 10.30 Star Sound. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 9.55 Music Making from Manchester (S). 10.55 Talking About Music (S). 11.25 Cricket: First Test England v Pakistan: 1.35 News: 1.40 Your Letters Answered; 2.00 Lunchtime scoreboard. 6.40 Lifelines: Home and Family. 7.00 Cheltenham Festival Concert 1977, part 1: Boddhott, Prokofiev (S). 8.20 A Parliament for the 80s (talk by John MacGregor). 8.40 Concert, part 2: Elgar (S). 9.45 Piano Recital (S). 10.30 Plainsong and the Rise of European Music (S). 11.25 News. 11.40-11.45 Tonight's Schubert Song (S).

VHF—6.00 am Open University. 7.00 With M/W 11.25 Midday Concert, part 1 (S). 12.05 pm In Short. 12.10 Midday Concert, part 2 (S) 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.00 Organ Recital (S). 2.45 Matinee Musicale (S). 3.45 Bach: Six Suites for Cello (S). 4.55 New Records (S). 5.15 Bandstand (S). 5.45 Open University. 7.00 With M/W.

RADIO 4

434m, 330m, 285m and VHF

(S) Binaural broadcast

6.15 am News 6.17 Farming Week. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 8.00 News. 8.10 Today including 8.35 News headlines, weather, papers, sport. 8.45 John Ebdon with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Prince of Dandies. 11.50 Announcements. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1978. 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.35 Story Time. 5.00 PM Reports. 5.40 Down the Garden Path. 5.55 Weather: programme news. 6.00 News. 6.30 The Spamfritter Man (S). 7.00 News. 7.05 The Archers. 7.20 'She Stoops To Conquer": Comedy with a prologue (S & B). 9.15 A Sideways Look At... Notice Boards. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Profile. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Breakthrough. 10.03 Late Night London. 12.00—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

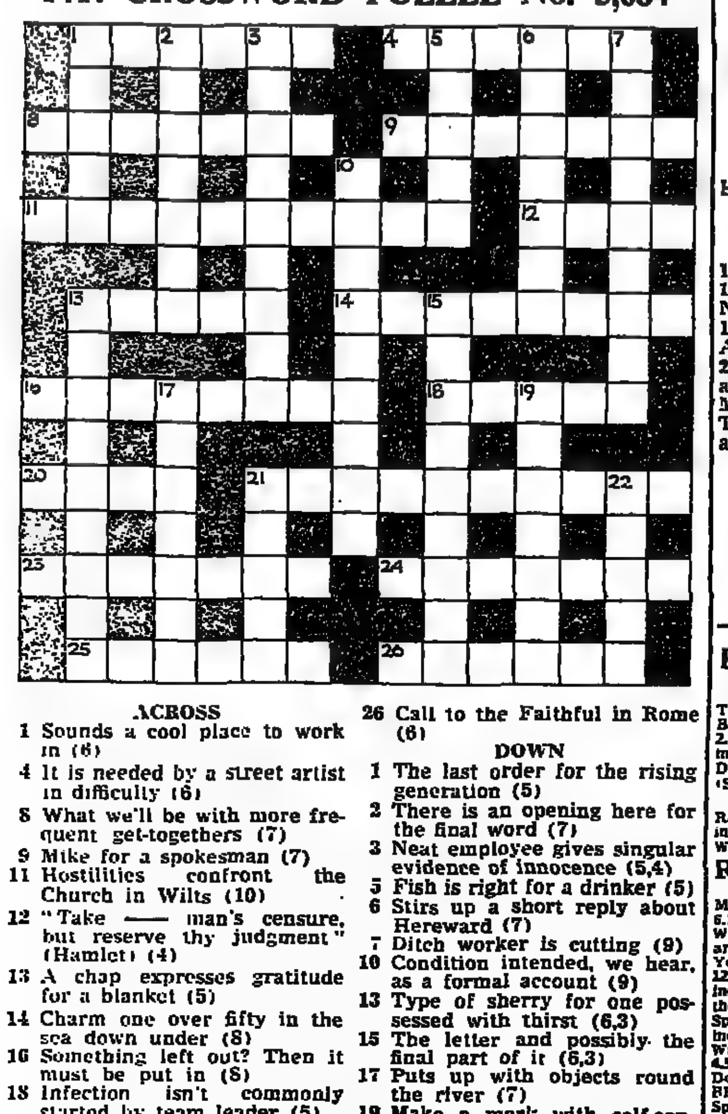
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport and review. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Monty Modlyn. 1.00 am Night Extra with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Set Book Repeat (S): "Julius Caesar." 8.00 Maggie Norden's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,684



ACROSS

1 Sounds a cool place to work in (6)
4 It is needed by a street artist in difficulty (6)
8 What we'll be with more frequent get-togethers (7)
9 Mike for a spokesman (7)
11 Hostilities confront the Church in Wilts (10)
12 "Take —— man's censure, but reserve thy judgment" (Hamlet) (4)
13 A chap expresses gratitude for a blanket (5)
14 Charm one over fifty in the sea down under (8)
16 Something left out? Then it must be put in (8)
18 Infection isn't commonly started by team leader (5)
20 Irrational, but to a sailor it is ridiculous (4)
21 Plague among cattle caused by strange deer's print (10)
23 After this period clothes bring deportment (7)
24 Comparatively harsh to reverse badly (7)
25 They agree with everything (3-3)
26 Call to the Faithful in Rome (6)

DOWN

1 The last order for the rising generation (5)
2 There is an opening here for the final word (7)
3 Neat employee gives singular evidence of innocence (5,4)
5 Fish is right for a drinker (5)
6 Stirs up a short reply about Hereward (7)
7 Ditch worker is cutting (9)
10 Condition intended, we hear, as a formal account (9)
13 Type of sherry for one possessed with thirst (6,3)
15 The letter and possibly the final part of it (6,3)
17 Puts up with objects round the river (7)
19 Make a mark with self-confessed connection with Fleet Street (7)
21 This Charlotte is sweet (5)
22 A display of temper can be just part of an act (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Aldwych

Coriolanus

by B. A. YOUNG

A mood of intransigent excitement breaks out the moment the stage is lit, and it never relaxes for the whole of the magical evening. Downstage, the citizens, egged on by Barrie Rutter's radical First Cit, seem ready to jump down over the front of the stage and set about the stalls with their pikes. Lucky for us that Graham Crowden's Menenius, calmly settled on his shooting-stick, is so emollient with his cunningly long-drawn-out tale of the belly and the limbs.

The evening is long; the play lasts about three hours and a half; yet the tension never slackens for an instant. The production, directed by Terry Hands, is in what might be described as last year's Stratford house-style, with a minimum of scenery, lively crowd scenes conjured up (rather astonishingly in a play that depends so much on the temper of the people) with a handful of players, events following one another as fast as physically possible.

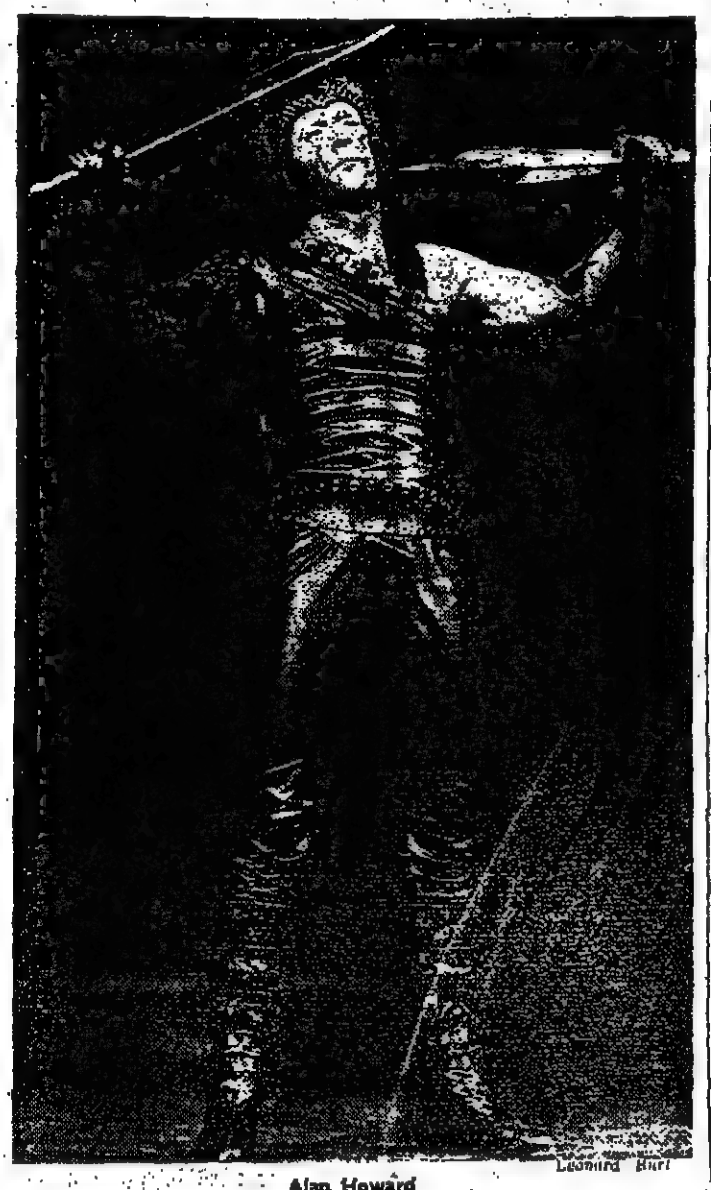
The outstanding performances are naturally those of Alan Howard as Coriolanus and Maxine Audley as his mother Volumnia. Miss Audley is as warlike as her son, yet unremittingly patrician in the dignity with which she trumpets forth her faith in the dictatorship of the elite or goes through the motions of praying her son to be a two-fold traitor. Jill Baker's quiet Virgilia must have found life in that household pure agony when her husband was, as usual, away at the wars.

About Mr. Howard I have some strong reservations. There is no doubt that with paeans of sound from his emery-edged voice he can raise up a martial music that sends them in the gallery. This is known as splitting the ears of the groundlings. My case is like Desdemona's: "I understand a fury in your words, but not the words." The emotions sound as they should, but it is a rare thing if Mr. Howard inflects the lines in accordance with their natural meaning, or indeed with any meaning. He might as well be singing them from a musical score. I don't deny the physical pleasure I get from hearing him; but how much better if I could add to that the actual sense of the words.

There is much good common-sense speaking from the characters around him. John Burgess and Oliver Ford-Davies bring the Tribunes to life in the very image of General Secretaries of Trades Unions; and at the other end of the social ladder there is some notably good playing by Jeffery Dench as Cominius.

The Volscians are encapsulated in Julian Glover's icy, statuesque Aufidius, half a head taller than Coriolanus and suggesting a solider character. All the same, when he has his hand-to-hand fight with his Roman adversary—a hand-in-hand fight in fact—he is the loser, and has to be rescued by his minions.

Farrah's forbidding set, the grey trapezium-shaped blocks that line each side of the stage capable of cunningly swivelling on their axes to enclose small areas, or to represent city walls, fits well into the Aldwych. The lighting, by Terry Hands himself, is often particularly interesting as it selects small areas of special concern. There is a fascinating moment when Coriolanus, standing apart behind the crowd, casts three menacing shadows on the back wall.



Leonard Burt

Alan Howard

Towngate, Basildon

Don Giovanni

Operabout, as its name implies, is an ambulatory company that visits the smaller theatres of Hertfordshire, Essex and adjoining counties. Last year I heard a respectable performance of *The Marriage of Figaro* at Stevenage; this season a tour of *Don Giovanni* to seven different centres has just opened at the Towngate Theatre, Basildon. Though it is wrong to pretend that enthusiasm can always compensate for lack of professional finish in opera, it is equally mistaken to deny that the dedication of amateurs can sometimes achieve an astonishingly high standard. Having heard *Don Giovanni* at Glyndebourne the previous night, I was nevertheless completely absorbed by Operabout's performance.

James E. Grey's solid looking permanent set solves the problem of continuity, while seeming unsuitable only for the scene in the graveyard, where the Commendatore's disembodied voice comes from behind the audience. Roderick Horn's production also ensures smooth transposition from scene to scene. He allows the characters to stand still during ensembles, otherwise gives them sufficient movement to keep the action plausible on a naturalistic level. So Don Giovanni is presented as a dilettantish seducer by Peter Sidhom, vocally light-weight but with enough strength of purpose to uphold his defiance of the avenging statue when retribution overtakes him.

Sheila Amit's Donna Anna combines a forceful personality with firm-toned singing in a performance of some power. Her Don Ottavio, David McCord, is kept in subjugation throughout; he phrases "Dalla sua pace" (the opera is sung in Geoffrey Dunn's English translation) with lyrical ardour, but loses "Il mio tesoro." "Mi tradi" is also cut, which seems a shame, as Elaine Padmore sings the rest of Donna Elvira's music so meaningfully. Her lady from Burgos has the correct air of monomania: seldom have I heard an Elvira succumb so whole-heartedly to Leporello-disguised-as-Don Giovanni. Clive Constance as Leporello milks the Catalogue aria for all it is worth, but otherwise does not overplay the comedy.

Dilys Buckley is a trifle too sophisticated in manner for Zerlina, but her singing sounds fresh and spontaneous. Martin Nelson's Masetto is a believable character with a mind of his own, and no stupid country bumpkin. John Rushby-Smith makes an imposing Stone Guest, but looks—and sounds—too young for the living Commendatore. The conductor, Howard Burrell, has the vigorous, rhythmical beat necessary to keep the performance moving and the ensemble together without undue hustling of the singers. The small orchestra plays devotedly for him, and if string tone occasionally sounds undernourished, it is through lack of numbers and not of accomplishment.

ELIZABETH FORBES

The Bath Festival

by RONALD CRICHTON

Bath last week had royal weather almost as spectacular as that for the 1977 Festival during the Jubilee days. Once again, though there was an unfortunate clash between the opening of Glyndebourne and the first performance, by the John Alldis Choir, of Holloway's *Hymn for Voices*, Sir William Glock's programming has shown his great flair for choices and juxtapositions that turn out so stimulating in performance even when they look comparatively ordinary on paper. The first week was notable for a number of chamber concerts of agreeable variety and interest.

At lunchtime in the Guildhall on Tuesday, the gifted Arditti Quartet introduced to this country a work by the Viennese composer Kurt Schwertsik. *Skizzen und Entwürfe* was a commission from an art gallery—the Hamburg Kunsthalle, no less—for their bicentenary show of the painter Caspar David Friedrich. Schwertsik has a slightly surreal sense of humour which leads inevitably to comparisons with Satie, an affinity neither to be exaggerated nor dismissed. His score is prefaced with an instruction borrowed from C. D. Friedrich: ". . . these pictures are to be looked at to the accompaniment of music."

Four pieces respectively titled "Hoquetus," "Lied," "Nachtstück" and "Ostinato-Bordun" alternate with "Fragments" of varying length and degree of completion, the last of them a recent addition, not ending but breaking off, a musical equivalent more or less of painter's sketches of clouds, foliage, drapery or limbs. In spite of the visual affinities this is musician's music. Schwertsik is an experienced orchestral player: everything "sits" precisely and effectively, some obscure and muddy drone effects in the "Ostinato-Bordun" sound as exactly calculated as anything else.

Schwertsik was preceded on this occasion by Webern's *Five movements* op. 5 and followed by Ligeti's String Quartet No. 2. These engrossing performances and the even more striking reading by the Canino-Ballista piano duo on the previous afternoon of Ligeti's *Monument, Selbstportrait* and *Bewegung*, suggested the possibility that we may be entering a Hellenistic age of music with Webern as part-precursor—a time of small-scale sophistication, subtle conceits and stylistic ambivalence. The Ligeti two-piano pieces were especially taking, most of all the one with great clangings and misplaced accents, like church bells heard through an unevenly revolving door.

The Canino-Ballista recital also included Schubert's four-hand *Divertissement à la Hongroise*, of which, even with such good players, only the third movement fully deserves public as opposed to private performance, and Chabrier's *Souvenirs de Munich*. This set of quadrilles of themes from *Tristan* is only apparently irreverent—a true satyr-play, the only way Chabrier's individuality could release the musical tensions set up by exposure to Wagner's masterpiece, at once so potently attractive to him yet so opposed in many respects to his own musical nature.

On Wednesday at the early evening concert, the Lindsay Quartet gave the first performance of Hugh Wood's Quartet No. 3, a single-movement work assembled from short sections, the score signposted with unattributed literary quotations (from Donne, Herbert and others, I gather). Though these indicate a basic programme of the winter-spring, darkness-light, grief-serenity kind, the differing moods in the music are not so much developed as set against one another. There are big gestures and big sonorities with generous use of arpeggios and widely-spaced accompaniment figures. The result, in a rendering clearly devotedly prepared, was impressive but also, in the warm and heavily-resonant Assembly Rooms, oppressive. Further chances of hearing the work will surely come soon to sort things out.

There was a single performance on Tuesday evening by Rye String Opera of a double-bill—Pergolesi's *La serva padrona* and Mozart's *Der Schauspieldirektor*. The company was presumably selected on account of the Dushkin Chamber Ensemble conducted by Michael Howard—playing rough in detail but vigorous and full-blooded in general effect, producing in the Theatre Royal sonorities unattainable for example in the low-roofed auditorium at Glyndebourne. Both pieces were given with English recitative (Pergolesi) or dialogue (Mozart) with arias and ensembles in the original languages. Unfortunately the productions were arch in intention and cute in execution. Of the singers the two men, Martyn Hill and Stephen Varcoe emerged with the most credit but that they were doing in this *galère*, goodness knows.

No such reservations were needed for Thursday's big Mozart evening by the Monteverdi Choir and Orchestra under John Eliot Gardiner in Wells Cathedral, pairing two great and dissimilarly incomplete works—the Mass in C minor and the Requiem. Strong performances, well-judged for speed: Wells is good for sound as cathedrals go, but not foolproof. Hearing the two works one after the other, the Requiem seems much the more consistent, the difference between the sublime and the merely grandly imposing parts of the Mass suggesting that Mozart did not complete the score because he was conscious of the inequalities.

Covent Garden

Pavarotti

by ELIZABETH FORBES

To judge by the applause, Luciano Pavarotti's numerous admirers, who filled Covent Garden to bursting point for the Italian tenor's recital last night, would obviously have preferred their idol to sing nothing but operatic music by Verdi or Donizetti. The excerpts from *La traviata* and *Lucia di Lammermoor* that he included were received with the rapture and ecstasy usually reserved for pop singers, while less spectacular items of his programme, which gave equal or greater pleasure, did not rate nearly such tremendous ovations.

In the group of classical Italian songs with which the recital opened, Gluck's "Che farò senza Euridice?" was sung with too wide a vibrato, but in "Che fiero costume," a splendidly ironic piece on the destructiveness of Cupid, from Legrenzi's opera *Eteocle e Polinice* (1675), the tenor's eloquent diction was admirably employed, while a genuine trill set the seal on his interpretation. Similarly, in the 19th-century songs that followed, Beethoven's "In questa tomba oscura" was overloaded with emotion, but the seamless line on which Mr. Pavarotti can thread his words when he wishes was in evidence both in Donizetti's "Il barcaiolo" and Rossini's "La danza."

Two of Liszt's three settings of Petrarch sonnets made up the surprise item of the programme. Their very wide range caused no difficulty to this singer, while a certain element of theatricality introduced by the composer was well suited to Mr. Pavarotti's operatic attitude towards even the most introspective of song texts. But it was perhaps in a group of songs by Tosti that style and content were most equally matched. The sentiments of "Aprile" and "Ideale," sympathetically phrased by a voice of such calibre, and accompanied with the discretion that John Wustman brought to the piano parts, can provide a genuine if transient thrill. In "Marechiare" a more dramatic vocal line tempted the tenor to an over-indulgence in tremolo.

Among the extracts from nineteenth-century opera it was neither Alfredo's "De' miei bollenti spiriti" from *La traviata*, which was sung without much involvement, nor Edgardo's "Tombe degli avi miei" from *Lucia*, fully committed, but unnecessarily loud, that deserved the most applause: more subtly phrased, interpreted with deeper insight and better disciplined in volume of tone, Nemorino's "Una furtiva lagrima" from *L'elisir d'amore*, sung as an encore, rightly won that accolade. Here again musical content, vocal style and interpretative insight were balanced in proper proportions, and immediately a feat of showmanship became an artistic experience.

London Choral Society appointment

Simon Rattle has been appointed principal conductor of the London Choral Society from September 1979. Mr. Rattle, who is 24, is assistant conductor of the BBC Scottish Symphony Orchestra and associate conductor of the Royal Liverpool Philharmonic Orchestra.

Coliseum

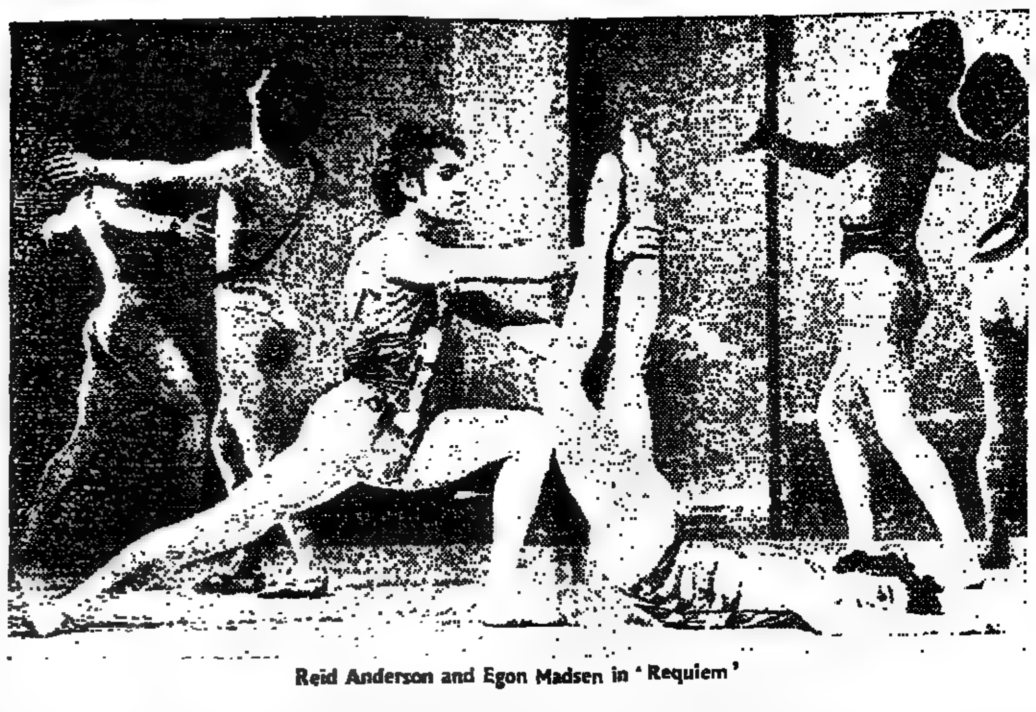
Requiem

by CLEMENT CRISP

Fauré's *Requiem*, written following the death of his father, may seem a gentle work when compared with the emotionalism of certain other settings, but its response to the text, to the religious matter of the mass for the dead, is no less serious. What MacMillan has done in his realisation of the score is to match at every point Fauré's refinement and subtlety of means: without bombast, or hysteria, or penitential wallowing, he finds images and streams of movement that treat with deepest sincerity of the hopes and fears we know in the face of death.

I reported fully on the work at its Stuttgart première 18 months ago. Now the Stuttgart Ballet has brought it to London, and it was seen in a triple bill on Friday night—or rather, partially seen, since Yolanda Sonnabend's settings were mauled, and the lighting was horrid. Despite this, the piece was given a magnificent interpretation by its original cast, and stood revealed as a major work of art. MacMillan has avoided anything that is conventionally or commercially pietistic—I have long treasured the memory of a staging of the Nun's chorus from *Casanova* in which a group of chorus girls dressed as nuns collapsed, white bouquets held on their backs, to make a cruciform pattern of black draperies and white blossoms, which is the sort of tosh to still an audience with the beauty of religious feeling.

MacMillan's procedure is totally other. *Requiem* opens with 50 dancers shuffling on stage at the *Introitus*, their mouths agape, fists beating heavenwards in a prayer for eternal rest; in the *Offertorium* Richard Cragun—gloriously expressive—cries for liberation from the deep pit and the lion's mouth, his body soaring in supplication and then curled in a knot supported on the ground by his hands. The most beautiful single moment in this beautiful ballet is that when Marcia Haydee is borne on and curves down to Cragun's body, touching him briefly on the shoulder in a fleeting gesture replete with hope. Haydee throughout incarnates the hope of heaven. To the inverted body of Birgit Keil in the *Agnus Dei* she appears yet again as the promise of peace; in the *Pie Jesu* she has a solo of child-like innocence and trust; in the closing *In paradisum* a blaze of light shines on the assembled dancers, and they leave the stage, walking in angelic couples, or borne out in high lifts, with Haydee blissfully sailing in the arms of Reid Anderson and Cragun.



Reid Anderson and Egon Madsen in 'Requiem'

Throughout, we can sense the freshness and potency of MacMillan's dance-language, which has found some of its inspiration in the drawings of William Blake. Poses like those of the three boys at the words *O Domine* in the *Offertorium* will be recognised by anyone who visits the Tate Gallery's Blake show.

Requiem is a ballet that needs almost to stand by itself in a programme, so deep are the feelings it engenders, so powerful the performances its inspires from its admirable cast. Musically the score went well under Stewart Kershaw on Friday: the Ambrosian Singers were in fine voice, though I disliked both soloists. But when it comes to London again — or when Covent Garden summons up its courage and acquires *Requiem* for the Royal Ballet — Yolanda Sonnabend's luminous setting must be seen in full: on Friday we were shown only three of the six translucent pillars that make up the design; and the ballet must be decently lit.

The rest of the programme brought our first view of choreography by one of Stuttgart's new talents. William Forsythe's *Flore* is a young man's ballet, full of Balanchinesque fervour, to Handel concerti grossi. It is right that Forsythe should show that he can deploy dancers in plotless dances, and he also provides excellent design for the piece. The pas de deux work is often over-complex, and the ballet is far too long, but Forsythe is a fluent step-maker, which is a good thing, and his dancers—notably his quartet of soloists: Annie Mayet and Lucia Montagnon, Barry Ingham and Kurt Speker — do him proud.

About John Neumeier's *Der Fall Hamlet (The Hamlet Case)*, also in the programme, I can record that Haydee, Cragun, Madsen, Anderson and Lucia Montagnon are all involved; that it boasts a score by Aaron Copland having all the dulcet charm of a berserk steam-hammer; and that it merits the attention of the Royal Society for the Prevention of Cruelty to Audiences. The dance style is harsh; psyches rampage; characters are garotted between other character's thighs; maybe we are seeing Elsinore's team for *It's a Knockout*.

Glyndebourne

Don Giovanni

The revival of *Don Giovanni* in Peter Hall's now celebrated production (rehearsed by Stewart Trotter) brings another chance to admire the intelligence and perception of the handling and, with the aid of John Bury's adaptable sets, the admirably continuous flow of the action. Also, and rather more strongly than before, the grim determination of producer and designer to rid this opera of conventional Latin-country glamour.

There is a new Giovanni, the American baritone Brent Ellis, heard last year as Ford in *Falstaff*. Mr. Ellis is an excellent singer with a compact, well-formed voice and a gift for absolutely clear, rhythmically secure, rapid declamation (invaluable for Giovanni's repartee and for the drinking song). There is so far not much range of colour: the singing never disappoints, but it produces no surprises.

In appearance Mr. Brent abets the Northernisation of the setting, a snub-nosed Lieutenant more likely, one feels, to be leading a commando raid than plotting seductions in Seville. A potentially dangerous customer, but not obviously marked down for Hell. Stafford Dean is back as Leporello, the mainspring (though Mr. Dean is anything but a selfish performer) of this cast with his command of the stage, burnished voice and razor-sharp timing. There is a new Commendatore, Leonard Mroz from Poland, who would seem better still if one could forget Pierre Thau. But the most interesting of the newcomers is the Anna, Norma Sharp, an American soprano noticed last year at Bayreuth, shows achievement as well as promise in this assault-course of a role. And she brought the quality of surprise—one was not prepared for the sudden melting of her tone in the sextet.

Kenneth Montgomery conducts (Nicholas Braithwaite takes over later. With the aid of the London Philharmonic, Mr. Montgomery supplies some of the Southern languours missing on stage. They are worth it, even at the expense of some tautness in ensemble. Others who return from one or other of the 1977 casts are Rosario Andrade (Elvira), Philip Langridge (Ottavio), Elizabeth Gale (Zerlina) and John Rawnsley (Masetto). One development that is not an improvement is the back-lighting for the Act 2 scene with Elvira, Giovanni and the disguised Leporello—last year one could see Leporello's features, now they are lost. But the lighting of the sextet, though it is a little fussy, helps the action while maintaining the fiction of darkness. On Friday the first-act quartet "Non ti fidar" came as near the ideal fusion of word, movement and music as one is likely to see—a long way nearer than efforts dignified with the dread term "music theatre."

RONALD CRICHTON

ENTERTAINMENT GUIDE

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COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903.) THE ROYAL OPERA Tomor. & Fri. at 7.30: Rigoletto. Wed. at 6.00: Tristan and Isolde. Thur. at 7.30: Falstaff. Sat. at 7.30: Madama Butterfly. 65 Amphi seats avail. for all perfs. from 10 a.m. on day of perf. THE ROYAL BALLET CHANGE OF PROGRAMME JULY 1978 The Royal Opera House regrets that programme changes have had to be made to accommodate recent plans for the television companies involved in the transmission to the United States of the programme on July 22nd. The previously announced performances have had to be altered and the revised programme for the week of July 17 is as follows:
MONDAY 17 July: FOUR SCHUMANN PIECES-THE FIREBIRD-THE CONCERT
TUESDAY 18 JULY: NORMA
WEDNESDAY 19 JULY: ANASTASIA
THURSDAY 20 JULY: ANASTASIA
FRIDAY 21 JULY: NORMA
SATURDAY 22 JULY: TV Performance (matinee and evening) FOUR SCHUMANN PIECES (replaces Firebird)/DIVERTISSEMENTS-ELITE SYNCOPATIONS.
Unfortunately these changes have caused a delay in the return of postal applications and PERSONAL / TELEPHONE BOOKINGS FOR JULY BALLET PERFORMANCES WILL NOT NOW OPEN UNTIL JULY 1. Priority allocation for the above performances will be given to postal applications already received. The Royal Opera House greatly regrets these changes and any inconvenience caused.

GLYNDEBOURNE FESTIVAL OPERA. Until Aug. 7 with the London Philharmonic Orchestra. Today, Wed., Fri. & Sun at 5.30. Die Zauberflöte. Tomorrow, Thur. and Sat at 5.30: Don Giovanni. Possible returns only. Box office Glyndebourne, Lewes, E. Sussex (0273 812411.)

SADLER'S WELLS THEATRE. Rosebery Ave., E C 1. 837 1672. Until 17 June GONG SAWAN Music and dances from Bali Evgs. 7.30. Sat. Mats 2.30

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evgs. 7.30 Mats. Thurs. 3.0 Sats. 4.0. IRENE THE BEST MUSICAL OF 1976, 1977 and 1978 IRENE "LONDON'S BEST NIGHT OUT." Sunday People. ALREADY SEEN BY OVER ONE MILLION HAPPY THEATREGOERS CREDIT CARD BOOKINGS 836 7611

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ALDWYCH. 836 6404. Info. 836 5332. (FULLY AIR-CONDITIONED) ROYAL SHAKESPEARE COMPANY in repertoire. Tonight 7.30 CORIOLANUS. "The strongest, clearest and most consistent Shakespeare I have seen anywhere for years." S. Times. With from June 13: Strindberg's THE DANCE OF DEATH. RSC also at THE WAREHOUSE (see under W) and at the Piccadilly Theatre in Peter Nichols' PRIVATES ON PARADE.

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THEATRES

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CHICHESTER. 0243 81312. Tonight, June 7, 8 at 7.00. June 10 at 2.00. A WOMAN OF NO IMPORTANCE June 6, 9 & 10 at 7.00. June 8 at 2.00. THE INCONSTANT COUPLE

COMEDY 01-930 2578. Evgs. 8.00. Thur. 3.00. Sat. 5.30, 8.30. MOIRA LISTER, TONY BRITTON Margaret COURTENAY, Dermot WALSH The Hit Comedy Thriller MURDER AMONG FRIENDS "Blackmail, armed robbery, double bluff and murder." Times. "A good deal of fun." Evening News.

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FORTUNE. 836 2238. Evgs. 8.00. Thur. 3. Sat. 5.00 and 8.00 Muriel Pavlow as MISS MARPLES in AGATHA CHRISTIE'S MURDER AT THE VICARAGE Third Great Year

GARRICK THEATRE. CC. 01-836 4601. Evgs. 8.0. Mat. Wed. 3.0. Sat. 5.30, 8.30. TIMOTHY WEST, GEMMA JONES MICHAEL KITCHEN in HAROLD PINTER'S THE HOMECOMING "BRILLIANT—A TAUT AND EXCELLENTLY ACTED PRODUCTION." D. Tel. "AN INEXHAUSTIBLY RICH WORK." Gdn. "NOT TO BE MISSED." Times

GLOBE THEATRE. 01-437 1592. Evgs. 8.15. Wed. 3.0. Sat. 6.0, 8.40. PAUL EDDINGTON, JULIA McKENZIE BENJAMIN WHITROW in ALAN AYCKBOURN'S New Comedy TEN TIMES TABLE "This must be the happiest laughter-maker in London." D. Tel. "An irresistibly enjoyable evening." Sunday Times.

GREENWICH THEATRE. 858 7755. Evenings 7.30. Mats. Sats. 2.30 THE ACHURCH LETTERS A play by Don Taylor. "Sura Kestelman is superb as Achurch ... Julian Curry is a splendid Shaw." FT

HALF MOON THEATRE. 480 6465-488 4795. WE CAN'T PAY! WE WON'T PAY! 23 May-17 June at 8 p.m.

HAYMARKET. 01-930 9832. Evgs. 8.00. Mats. Weds. 2.30. Sat. 4.30 and 8.00. INGRID BERGMAN WENDY HILLER DEREK GODFREY DORIS HARE FRANCES CUKA in WATERS OF THE MOON "Congratulations on complete capacity and record making show. Must unfortunately finish on July 1st owing to commitments of Miss Bergman and Dame Wendy Hiller."

HER MAJESTY'S. CC 01-930 6606. Evenings 8.00 Mats Wed. & Sat. 3.00. BRUCE FORSYTH in LESLIE BRICUSSE and ANTHONY NEWLEY'S TRAVELLING MUSIC SHOW with Derek Griffiths Directed by BURT SHEVELOVE "It is packed to bursting point with the personality and sheer energy of Bruce Forsyth." Sun. Express. "The audience cheered." Sunday Telegraph.

KING'S ROAD THEATRE. 352 7488. Mon. to Thurs. 9.0. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW NOW IN ITS 5th ROCKING YEAR THE GREAT ROCK 'N' ROLL MUSICAL

LONDON PALLADIUM. CC. 01-437 7373. Mon., Tues., Thurs. and Fri. at 8. Wed. and Sats. at 6.10 and 8.50 THE TWO RONNIES In a Spectacular Comedy Revue ALSO SPECIAL SUNDAY PERFS. Sundays June 25 and July 16 at 5 & 8. Special Booking Hotline 01-437 2055

LYRIC THEATRE. CC. 01-437 3686. Ev. 8.0 Mat. Thurs. 3.0. Sat. 5.0 & 8.30. JOAN PLOWRIGHT COLIN BLAKELY FILUMENA

MERMAID. 248 7656. Restaurant 248 2835. Wed. to Sat. 8.30. Mats. Wed., Fri. and Sat. at 5.45. Last week. TOM CONTI, JANE ASHER WHOSE LIFE IS IT ANYWAY? Mon. and Tues. at 8.15 p.m. Alec McCowen's ST. MARK'S GOSPEL (Suns. at 7.30 p.m. all seats sold) Prev. June 13. Opens June 14. Subs. 7.30 and 9.15 EVERY GOOD BOY DESERVES FAVOUR A Piece for Actors and Orchestra. by TOM STOPPARD & ANDRE PREVIN Seats £4, £3, £2.

THEATRES

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Ton't. 7.30 (red. pr. prev.) Tomor. 7 (open) MACBETH. LYTTELTON (proscenium stage): Ton't. & Tomor. 7.45 PLUNDER by Ben Travers. COTTESLOE (small auditorium): Ton't. & Tomor. 8 LOST WORLDS by Wilson John Haire. Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bkgs. 928 3052. Air conditioning.

OLD VIC. 928 7616. May 29-June 3 INTERNATIONAL SEASON The International Turkish Players in The Turkish Clogs by Necati Cumali. A musical comedy in English based on a Turkish classic. Today at 2.30 & 7.30. PROSPECT AT THE OLD VIC. A Week of Sundays June 11-17. Isla Blair, Julian Glover, Harold Innocent, Derek Jacobi, John Rowe, Prunella Scales, Timothy West. Timothy West as Sydney Smith in Smith of Smiths. The Grand Tour Derek Jacobi as Byron in The Lunatic, The Lover & the Poet.

OPEN AIR. Regent's Park. Tel. 486 2431 A MIDSUMMER NIGHT'S DREAM Evgs. 7.45. Mats. Wed., Thur. & Sat. 2.30 with RULA LENSKA, IAN TALBOT, ELIZABETH ESTENSEN, DAVID WESTON HELEN WEIR, ANTHONY SHARP.

PHOENIX. 01-836 2294. Evenings 8.15. Friday and Saturday 6.00 and 8.40. "TIM BROOKE-TAYLOR GRAEME GARDEN make us laugh." D. Mail in THE UNVARNISHED TRUTH The Hit Comedy by ROYCE RYTON "LAUGH, WHY I THOUGHT I WOULD HAVE DIED." Sunday Times. "SHEER DELIGHT." E. Standard. "GLORIOUS CONTINUOUS LAUGHTER." Times

PICCADILLY. 437 4506. Credit card bkgs. 836 1971-3. 8.30 a.m.-8.30 p.m. Evgs 7.30. Sat 4.30 & 8. Wed mats 3.0. Royal Shakespeare Company in THE OUTRAGEOUS ADULT COMEDY by Peter Nichols PRIVATES ON PARADE "Riproaring triumph." S. Express. BEST COMEDY OF THE YEAR Ev. Std. Award and S.W.E.T. Award. FULLY AIR-CONDITIONED

PRINCE EDWARD. CC. 01-437 6877. Red. price prevs. June 12, 13 and 20 at 8.0. June 17 5.30 and 8.30. Opens June 21. EVITA

PRINCE OF WALES. CC. 01-930 8681 Monday to Friday at 8 p.m. Saturdays at 5.30 and 8.45 LONDON AND BROADWAY'S COMEDY MUSICAL HIT! I LOVE MY WIFE starring ROBIN ASKWITH "ALL JUST GOOD CLEAN FUN." Daily Express CREDIT CARD BOOKINGS 930 0847

QUEEN'S THEATRE. CC 01-734 1166. Evgs. 8.00. Wed. 3.00. Sat. 5.0 & 8.30. ANTHONY QUAYLE FAITH BROOK MICHAEL ALDRIDGE and RACHEL KEMPSON in ALAN BENNETT'S THE OLD COUNTRY BEST PLAY OF THE YEAR Plays and Players London Critics Award Directed by CLIFFORD WILLIAMS

RAYMOND REVUEBAR. CC. 01-734 1593 At 7 p.m., 9 p.m., 11 p.m. (open Sunday) PAUL RAYMOND presents THE FESTIVAL OF EROTICA Fully Air-Conditioned. You may drink and smoke in the auditorium.

REGENT THEATRE. 637 9862. Evgs. 8.30. Fri. and Sat. 7.0 and 9.0. "Elegant, good humoured, engaging." Gdn THE CLUB A new musical "Caustic and Comic." Times "Show scores in songs." D. Tel. "Linda Thorsen ... a revelation." Times. "WELCOME TO THE CLUB." E.N.

ROYALTY. Credit Cards. 01-405 8004 Monday-Thursday evening 8.00. Friday 5.30 and 8.45. Saturdays 3.00 and 8.00. London critics vote BILLY DANIELS in BUBBLING BROWN SUGAR Best Musical of 1977. Bookings accepted. Major credit cards. Special reduced rate for matinees for a limited period only.

ROYAL COURT. 730 1745. Air cond. Ton't. at 7.45. Tomor. at 8 Lucinda Childs, Robert Wilson in I WAS SITTING ON MY PATIO THIS GUY APPEARED I THOUGHT I WAS HALLUCINATING

SAVOY THEATRE. 01-836 8888. Opening June 13. TOM CONTI in WHOSE LIFE IS IT ANYWAY? with JANE ASHER "A MOMENTOUS PLAY. I URGE YOU TO SEE IT." Gdn. Evgs. at 8.0. Fri. and Sat. 5.45 and 8.45.

SHAFTESBURY. CC. 836 6596. Shaftesbury Ave WC2 (High Holborn end) Evgs. at 8.00. Mats. Tues. and Sat. 3.00. JOHN REARDON and JOAN DIENER in KISMET "A SMASH HIT. THIS MUSICAL HAS EVERYTHING." S. Mirror. CREDIT CARD BOOKINGS 836 6597.

SHAW THEATRE. 01-388 1394. Prevs. Fri. & Sat. 7.30. ALL SEATS £1 Opens June 12 at 7.00. Subs. Evgs 7.30 I'M TALKING ABOUT JERUSALEM by ARNOLD WESKER

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Saturdays 5.30 & 8.30. NO SEX PLEASE— WE'RE BRITISH THE WORLD'S GREATEST LAUGHTER MAKER GOOD SEATS £4.00-£1.50.

THEATRES

ST. MARTIN'S. CC. 836 1443. Evgs. 8.00. Matinee Tues. 2.45. Saturdays 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST RUN 26th YEAR

TALK OF THE TOWN. CC. 734 5051. 8.00. Dining, Dancing (Bars open 7.15). 9.30. Super Revue. RAZZLE DAZZLE and at 11 p.m. LOS REALES DEL PARAGUAY

THEATRE UPSTAIRS. 730 2554. Evenings 7.30 p.m. 1978 YOUNG WRITERS FESTIVAL

VAUDEVILLE. 836 9988. CC. Evgs. 8.00. Mat. Tues. 2.45. Sat. 5 and 8 Dinah SHERIDAN Dulcie GRAY Eleanor SUMMERFIELD James GROUT A MURDER IS ANNOUNCED THE NEWEST WHODUNNIT by AGATHA CHRISTIE "Re-enter Agatha with another whodunnit hit. Agatha Christie is stalking the West End yet again with another of her fiendishly ingenious murder mysteries." Felix Barker, Evening News. AIR-CONDITIONED THEATRE.

VICTORIA PALACE. Book Now. 01-828 4735-6. 01-834 1317. STRATFORD JOHNS SHEILA HANCOCK ANNIE Evgs. 7.30. Mats. Wed. and Sat. 2.45.

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. Royal Shakespeare Company. TONIGHT 7.30 David Rudkin's THE SONS OF LIGHT. "Sheer poetic energy." Guardian. All seats £1.80. Adv. bkgs. Aldwych. Student Standby £1.

WESTMINSTER. 01-834 0283. SENTENCED TO LIFE by MUGGERIDGE and THORNHILL "TRENCHANT HUMOUR." D. Telegraph. "SHARPLY TOPICAL." Financial Times. "Tremendous impact." NoW. Evgs. 7.45. Mat. Weds. 3.30. Sat. 4.30.

WHITEHALL. 01-930 6692-7765. Evgs. 8.30. Fri. and Sat. 6.45 and 9.00. Paul Raymond presents the Sensational Sex Revue of the Century DEEP THROAT Due to overwhelming public demand Season extended.

WINDMILL THEATRE. CC. 01-437 6312. Twice Nightly 8.00 and 10.00 Open Sundays 6.00 and 8.00. PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA "Takes to unprecedented limits what is permissible on our stage." Evening News. You may drink and smoke in the Auditorium.

WYNDHAM'S. 01-836 3028. Credit Card Bkgs. 836 1071-2 from 8.30 a.m. to 8.30 p.m. Mon.-Thurs. 8. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH VERY FUNNY." Evening News. Mary O'Malley's smash-hit Comedy ONCE A CATHOLIC "Supreme comedy on sex and religion." Daily Telegraph. "MAKES YOU SHAKE WITH LAUGHTER." Guardian

YOUNG VIC (near Old Vic). 928 6363. Prevs. from June 15. Evgs. 7.45. Ben Jonson's BARTHOLOMEW FAIR.

CINEMAS

ABC 1 & 2, Shaftesbury Ave. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: GRAY LADY DOWN (A). Wk. and Sun.: 2.00, 5.20, 8.20. 2: THE GOODBYE GIRL (A). Wk. and Sun.: 2.00, 5.10, 8.10.

CAMDEN PLAZA. (Opp. Camden Town Tube). 485 2443. Brigitte Fossey in Les Enfants du Placard (AA) 3.05, 5.00, 7.00, 9.05, 11.00.

CLASSIC 1, 2, 3, 4, Oxford Street. (Opp. Tottenham Court Rd. tube). 636 0310. 1: Alan Bates, Susannah York, THE SHOUT (AA). Progs. 2.30, 4.35, 6.40, 8.45. 2: Charlton Heston GRAY LADY DOWN (A). Progs. 1.10, 3.35, 6.05, 8.30. 3: LAST 3 DAYS! Walt Disney's JUNGLE BOOK (U) WAHOO BOBCAT (U). Progs. 1.30, 3.45, 6.00, 8.20. 4: Bertolucci's 1900 Part 2 (X). Progs. 2.30, 5.20, 8.15.

CURZON. Curzon Street, W.1. 499 3737. PARDON MON AFFAIRE (X). (English subtitles.) Progs. at 1.50 (not Sun.), 3.55, 6.10 and 8.30. Held over for 5th Great Month.

LEICESTER SQUARE THEATRE (930 5252) COMING HOME (X). Sep. progs. Mon.-Sat. 1.30, 4.45, 8.10. Sun. 3.30-7.45. Seats may be booked in advance for 8.10 prog. Mon.-Fri. and all progs. Sat. and Sun.

ODEON, Haymarket (930 2738 2771.) Jane Fonda, Vanessa Redgrave in a Fred Zinnemann film JULIA (A). Sep. Progs. Dly. 2.30, 5.45, 8.45. Feature Dly. 2.45, 6.00, 9.00. All seats bkble at Theatre.

ODEON, Leicester Square (930 6111.) CLOSE ENCOUNTERS OF THE THIRD KIND (A). Sep. progs. Dly. Doors open 1.05, 4.15, 7.45. Late show Fri. and Sat. Doors open 11.15 p.m. All seats may be booked.

ODEON, Marble Arch (723 2011-2.) THE BETSY (X). Sep. progs. Mon.-Sat. 1.30, 4.45, 8.15. All seats bkble except 1.30 perf. Mon.-Sat.

PRINCE CHARLES, Leic. Sq. 437 8181. MEL BROOKS HIGH ANXIETY (A). Sep. Perfs. Dly. (inc. Sun.) 12.15, 2.45, 6.15, 9.00. Late Show Nightly 11.45. Seats Bookable. Licensed Bar.

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SALT in the balance

THE PAST few days have seen a distinct toughening in American attitudes towards the Soviet Union. After a period of some confusion last week, U.S. aircraft are now in operation to help protect Zaire from a new invasion and Washington is taking an increasingly firm line in the strategic arms limitation talks with Moscow. The new mood in Washington is partly the result of real concern at the spread of Russian influence in Africa. It also, however, reflects a broader wave of anti-Soviet feeling in the U.S.,

Limited war

At the same time, President Carter has reacted to the growing Soviet military build-up by clearly reaffirming the U.S. commitment to defend Western Europe against an attack by the Warsaw Pact. His pledge to use, if necessary, the full force of American military power, including strategic nuclear weapons, at last week's NATO summit, comes at an appropriate moment. There is growing and justifiable concern in the alliance, particularly in Bonn, at the steadily increasing power of medium-range Soviet nuclear weapons targeted on Western Europe not so far covered by the SALT negotiations. It is obviously of the utmost importance that Moscow should not be allowed to gain the impression that a limited war, whether conventional or nuclear, could conceivably be fought in Europe without the risk of triggering the main element of the allied deterrent — the American strategic arsenal.

The strengthening of conventional forces under the alliance's long-term defence programme is no less important. In the first place, it raises the nuclear threshold by prolonging the time in which the West could hope to contain a Warsaw Pact attack by conventional means. In the second, it strengthens the Western position in negotiations with the East. It is no good expecting the Soviet Union to agree to the Western aim of force reductions in Central Europe out of sympathy for NATO's deficiencies. The Washington summit confirmed that the alliance's overall policy must be to approach arms limitation agreements from a position of strength.

In SALT, Washington has now apparently rejected a new Russian proposal that would have prevented the development of the new American MX missile, and has publicly warned Moscow not to expect any further U.S. concessions. The tough American response has prompted reports that the U.S. aim is now to delay the conclusion of the negotiations until after November's mid-term elections. President Carter has gone to unusual lengths to deny these reports, but there is little doubt that the case for just such a delay has been put to him by some of his advisers. Their argument is that any new SALT agreement is bound to come in for a massive dose of public criticism, to the detriment of the Democrats' electoral chances.

Some would take the argument further and question whether there is any point in negotiating a SALT II agreement that is unlikely to be ratified by Congress in its present mood. Failure to secure ratification would be a major blow both to President Carter's prestige and to East-West relations in general. But there is still a strong case for pressing ahead. Each month that passes without an agreement gives Moscow more time to modernise and strengthen its strategic systems. The indications are that President Brezhnev still wants a SALT II agreement and would be unlikely to be responsive to further arms control negotiations if the whole process were called off.

Arms race

Failure to reach an agreement would trigger a new arms race that could only mean a massive waste of valuable resources on both sides. There is no reason why the U.S. should not win such a race, provided Congress made the necessary funds available.

If it did not, resources would have to be diverted to improving the American strategic deterrent at the expense of the conventional build-up endorsed in Washington last week. But there is no avoiding the fact that the Soviet Union's current policies, whether in Africa or on human rights, are playing into the hands of the strong body of opinion in Washington that opposes a new SALT agreement on the lines now being negotiated.

Government and the City

THE WILSON Committee has two achievements to its credit. It has prompted the financial establishment to produce a valuable self-portrait of the way the financial institutions work, and it has revealed a consensus of opinion that this establishment is not a bottle-neck restricting Britain's industrial growth.

This second achievement has grown wearisome to the ear through constant repetition. A more benign ideological climate has robbed it of impact. Yet it is worth remembering that when the Wilson Committee was conceived, two years ago, the City was still a potential scapegoat and discussion of our financial system's apparent short-comings found a receptive audience.

North Sea oil

A report by a Wilson Committee working party on the financing of North Sea Oil, out today, is an excellent example of the Committee's two achievements. First it is a clear account of a complex subject. It sheds light on the financing of North Sea Oil, yet leaves no doubt as to the magnitude of the problem. In a matter of years the financial establishment had to gear itself up to finance the equivalent of one quarter of the UK's annual rate of industrial investment—all concentrated in one strange and risky business.

The Committee regarded this as a test case for the financial institutions "since in this area the demand for funds was undoubted and any deficiencies in the supply mechanism would be likely to be revealed." Yet the working party found that the financial system had been equal to the challenge. The system was not risk-averse, for it produced equity finance for situations where the risk of a total loss was very high. It was not interested only in quick return, for it produced finance in the certain knowledge that the period between investment and reward would prove a long one. Nor was the establishment deterred by the scale of the required financing.

The inference is clear: if demands for finance are made of our financial institutions, they respond. How can the demand for finance for less glamorous forms of investment in British industry be stimulated? Is the answer a function only of the tax system, the world's economic outlook and the political climate? Or must the "pump be primed," as trade union leaders suggest, and must industry's appetite for funds be whetted with forced infusions of pension fund money?

The question whether Britain's institutional funds should be "directed" into British industry has been the key issue underlying the first stage of the Wilson Committee's inquiry. In the latest transcript of the Committee's hearings Lord Roll, the chairman of Warburgs and the chairman of the Committee of Finance for Investment, is pushed quite hard on this question by Committee members.

New demands

The banker's answer is not pure capitalism. He feels that the "Industrial Strategy" and the activities of the Sector Working Parties can help Britain's industrial performance, if only by keeping civil servants, bankers and trades unionists in touch with industrial reality. But he also argues that as soon as the industrial improvement occurs the financial establishment will react, without prompting, to the new demands made of it.

It is a case of official involvement in industry, but hands off the financial sector. Interestingly, this mixed attitude is borne out by the report of the Wilson Committee's working party on North Sea Oil. While it commends the performance of the financial establishment, it certainly does not present the sucessful exploitation of the North Sea as a triumph for unfettered free enterprise.

Whitehall v. MPs in the fight over monitoring public money

BY DAVID FREUD

BACKBENCH MPs have launched a determined campaign to obtain greater control over public expenditure. Their efforts are likely to bring them into sharp conflict both with Ministers and Whitehall.

The campaign is led by the Expenditure Committee, one of the most powerful of the Commons Select Committees. The specific target is the official audit.

The committee wants the official responsible for auditing central government expenditure—the Comptroller and Auditor General—brought more directly under the Commons' control and his powers extended. It would also like him to go beyond the purely financial and regulatory auditing, on which he concentrates at present, and to take a more positive role in monitoring managerial efficiency in the government bureaucracy.

These changes, if implemented, would clearly give the Commons far greater insight into and control over the Civil Service than it enjoys at present. But the committee claims that its efforts have been hampered by deliberate obstructions placed in its path by Whitehall, and especially the Treasury.

Mr. Michael English, MP Labour chairman of the general sub-committee of the Expenditure Committee, claims that the bureaucracy's tactics have included unnecessary delays and misrepresentation.

The taxpayers' interest

The committee is now planning to step up the pressure with a debate on its proposals on the floor of the Commons—probably next month. And Mr. English is confident of widespread support among MPs. "The case for monitoring public money is usually regarded as fairly strong by the average taxpayer," he points out.

The Expenditure Committee's case for strengthening the role of the Comptroller was heavily influenced by a visit to the U.S. to see how the General Accounting Office operated. The U.S. office has responsibility for auditing all federal funds except those used by certain federal agencies engaged in bank supervision and in intelligence services. It can chase public money wherever it goes, whether in grants to individual States or subsidies to private companies.

Its audits concentrate heavily on non-financial aspects, with some 90 per cent of resources devoted to management audit and cost benefit analysis. Its staff includes specialists—economists, engineers and statisticians — equipped to handle this approach.

By contrast, the 11th Report of the Expenditure Committee published last September said: "Our system of public audit is out of date."

The Comptroller, at present Sir Douglas Henley, a former senior Treasury official in charge of public spending, has responsibility for auditing the expenditure of central government departments. He also deals with some quasi-governmental bodies by private agreement or practice, but has no responsibility for the nationalised industries or local authorities.

The committee's report said that the Exchequer and Audit Departments Acts of 1866 and 1921 should be amended to bring the UK position into line with that of the U.S. The Acts "should state as a principle that the Exchequer and Audit Department may audit any accounts into which public money goes even if such public money is not the bulk of receipts into such accounts. Where public money is the bulk of receipts into an account, the E & AD should always audit them, subject only to such specific exceptions as are made in the amended Act."

The report went on to recommend — again following the U.S. model — that the UK department be empowered to conduct audits of management efficiency and the effectiveness of all those it audited financially. While the department has made some limited movement in this direction in recent years, this would be a radical change in the nature of its work.

The main problem of such a development — as the committee itself pointed out — would be the burden on the current staff, which is simply not equipped to handle the complexities of efficiency audits. Staff members do not possess the wide specialisations seen in the U.S. office, and it is only since 1975 that recruits have been required to be graduates. Until then many were school-leavers.

To solve this difficulty the committee said: "In our opinion the E & AD should change its recruitment policy still further, to provide staff capable of conducting extended audits of the kind we mention above."

These were the main recommendations for enabling the department to monitor the efficiency of the bureaucracy. They were all turned down in the Government's White Paper in March replying to the committee. Similarly, the White Paper rejected proposals for making Sir Douglas and his department part of the staff of Parliament.

It is over this area that the main friction has developed. The department and the Commons' Public Accounts Committee were both set up in the 1860s and there has traditionally been a close relationship between them.

The Comptroller normally reports to the PAC and he pays a great deal of attention to what that committee says. It is a relationship that has led many to consider him a "Servant of the House." However, this relationship is not formalised in the legislation, except in the ultimate sense that, like a judge, he can only be dismissed by Parliament. The Commons neither appoints him, nor can it direct him to initiate an inquiry.

The Expenditure Committee's report proposed to establish the relationship is not formalised It said: "We regard the Comptroller and the E & AD as properly part of the staff of Parliament, although the relevant Acts do not. Any amending Act should place them under the House of Commons Commission so that it will become clear that they should initiate inquiries if requested to do so by the House or one of its Committees."

The legislation for the Commission is currently going through the House, and is intended to take final control of Parliamentary staff from the Treasury and Civil Service Department, where it lies at the moment.

Mr. Michael English, MP, chairman of the general sub-committee of the Expenditure Committee (left) and Sir Douglas Henley, the Comptroller and Auditor General

The chairman: 'It was a lie'

The White Paper gave short shrift to this proposal, saying that the Government considered it to be of cardinal importance that the Comptroller should not be subject to directions "from any quarter" in the exercise of duties laid on him to undertake an effective audit and scrutiny of the expenditure of the executive.

This reply, as the committee discovered after lengthy and painstaking research, was based on a mistaken interpretation of the law. Mr. English is blunter. "It was a lie," he said. Under the 1921 Act, Sir Douglas is indeed required to submit to external direction from one source—the Treasury itself. And a close examination of the 1921 provision suggests that with the Treasury's authority he can examine any account, public or private, in the country.

The clause reads: "The Comptroller and Auditor General shall examine, if so required by the Treasury and in accordance with any regulations made by the Treasury in that behalf, the accounts of all principal accountants and any other accounts, whether relating directly to the receipt or expenditure of public funds or not, which the Treasury may, by minute laid before Parliament, direct."

The discovery of this inaccuracy over the key question of control raised doubts in the committee's minds about the Treasury's good faith. The Government's reply had taken a good six months to be published—right up to the normal deadline for such documents—and then it had been less than helpful.

Officially, of course, any White Paper represents the view of Ministers rather than of civil servants. Treasury Ministers were heavily involved in drawing up this reply and naturally would have taken the advice of their department's officials.

Mr. English sees evidence of Treasury self-interest in the drafting of the reply in the fact that all the committee's proposals in the area of audit were rejected except for one. This was for the Prime Minister to consult with the chairman of the PAC before appointing future Comptrollers. "They don't mind limiting the Prime Minister's power of appointment," Mr. English says, "but they don't want to have anyone looking at their own efficiency."

The general sub-committee's suspicions contributed to some sharp exchanges about the independence of the Comptroller at a public hearing of evidence in April. Mr. English said then: "Our point is that he is not independent now, in that he can be stopped from auditing by the Treasury." To which Sir Anthony Rawlinson, Second Permanent Secretary of the Treasury, replied: "I accept that as a hypothetical analysis of the present legislation, but it does not have that effect in practice."

The White Paper is at its most equivocal when it deals with the committee's proposals to expand the practice of efficiency auditing. It said: "The Government welcomes the intention of the Comptroller to develop further his operations in the fields of efficiency and value for money, while recognising that this should not take him into policy considerations for which only Ministers can answer to Parliament."

This is a caveat that Sir Douglas himself undermines in a separate and rather more welcoming reply to the committee's proposals. He points out: "I do not myself believe that, in a modern economy with a wide-ranging public sector, a clear distinction can always be drawn between matters of policy and matters of administration."

The circumspect opposition among officials to further efficiency auditing seems to stem from two main causes. Whitehall is far less impressed by the activity of the U.S. General Accounting Office (GAO) than is the Expenditure Committee, while there is a preference for managerial efficiency to be introduced from within rather than imposed by an external body.

Officials in Whitehall believe that the U.S. office, which with 5,000 staff is 10 times as big as the UK department, has spread itself too thinly. There have been a number of sharp criticisms about the quality of the GAO's work, they say, and it seems to have abandoned financial auditing almost entirely.

Whitehall also believes that no department was ever made efficient through external prods and pressure. Efficiency, it argues, is built up internally, a process which both the Treasury and Civil Service Department have a role in encouraging.

The prime requirement is to have a body capable of doing a proper job of regulatory auditing, say officials. They would prefer to see a separate body set up, starting from scratch, if it were decided to follow the U.S. model. They believe this would be easier than converting and E & AD into something like the GAO.

The committee's proposals to expand the Comptroller's powers over a larger area of public spending were also opposed in the White Paper. In particular the Government rejected the recommendation that Sir Douglas should take over ultimate responsibility for auditing the local authorities.

At present this is done by the 591 staff of the District Audit under the Department of the Environment. However, the Government's local authority finance Green Paper of May, 1977, proposed to transfer the responsibility for the staff to an institution made up of local authority representatives and Environment Ministers and civil servants.

Major upsurge among MPs

The committee argued that neither under the present nor proposed arrangements were the district auditors truly independent. Mr. English dismisses the White Paper's argument that they are independent from the executive because their duties are laid directly on them by Act of Parliament.

Mr. English points out: "Both factory and school inspectors have their duties spelled out by Act of Parliament. That doesn't make them independent. If the Department of Environment has the power to sack the district auditor, he cannot truly be independent."

The committee's immediate plans are to make a reply to the White Paper, followed by the full-scale Commons debate. There is considerable strength of feeling among MPs of all parties about the way the Government has rejected the recommendations — which were agreed unanimously by committee members.

Whether or not the proposals are eventually adopted, the initiative—coming at a time of merger talks between the two powerful Public Accounts and Expenditure Committees—represents a major upsurge in the determination of backbench MPs to wrest the monitoring of public spending from Whitehall.

MEN AND MATTERS

Novel gift for LSE research

The major international companies have had their roles scrutinised by the UN and their activities frequently questioned in the Press. So when a major university accepts £2m from two such companies the inevitable question is whether this will affect the direction of the university's research. When I asked professors at the London School of Economics they said they too had been worried about this, but were certain that they had a no-strings gift in the money they have just been given by the Japanese car manufacturer, Toyota and Japanese whisky manufacturer, Suntory.

It was French champagne rather than Suntory's products which was being drunk.

As for Professor R. Dahrendorf, Director of the LSE, he was careful to stress that "Research goes its own ways. Its results cannot be predicted, because it is an exploration of the unknown."

Discussion of the gift with the Japanese companies was initiated last year by Professor Michio Morishima, a Japanese mathematical economist who has been with the LSE since 1970. Students told me that he used to have a reputation for being on the left.

Morishima is now working with Professors Alan Day and Basil Yamey on establishing and preparing the research centre which is to use the income from the gift. Would the gift not discourage research into questions which might cast a shadow on large companies such as Toyota? I asked Day. But he insisted: "If the steering committee at the Centre took the view that there were serious questions to be tested in a critical way, then this would go ahead." He thought that research in this field had so far been "rather bad."

For him it was "as liberal a trust deed" as you could expect and Sir Huw insisted that the only exclusions were "high living" and studies outside the very broad categories set out in the deed.

The students told me: "We will be watching matters closely." But their leaders were far less outspoken than the slogans on their walls—perhaps because it is examination time and, they say, they have become used to what they see as symptoms of the school reverting back to neo-classical economics.

Rule by decree

After 12 years of military rule Nigeria has now found a novel way of ensuring stability. Its Constituent Assembly announced this at the end of last week when it decreed that from now onwards there should be no more military coups.

The Assembly which is working out a new constitution in preparation for civil rule next year (or sometime or . . .) has announced that this constitution will reign supreme. An amendment to a section of chapter one says: "Nigeria shall not be governed nor shall any person take control thereof except in accordance with the provisions of this constitution."

Nigeria has had four military coups since it became independent in 1960. Still it is good to see people learning from history, though there may be some grumbles from officers who believed that "saving their country" was a fundamental human right.

Football tie

However many Argentinians may have been worrying about whether their country could afford the $700m which it has spent on hosting the World Cup, the country's cab drivers had long looked forward to some bumper weeks. But it seems that many of these are now ruing the day that football fever came their way. The London magazine, Taxi informs me that the city authorities in Buenos Aires are so keen that they should make a fine impression on their visitors that the city's cabs have been spruced up too.

Best described as "highly individualistic" the cabs now carry illuminated plastic roof signs on their roofs—many of which work—and registration numbers on their doors. But, worse for the drivers has been that, despite the heat, they have been obliged to wear grey or blue shirts and matching ties.

The police, not famed for diplomacy, are said to be enforcing the rules vigorously. Taxi, in brotherly sympathy, says the drivers are just waiting for the crowds to go so they can burn their ties.

Rural rides

More in our series on services the State does not want us to know about. The Post Office has replaced its regular mail vans in various rural areas with mini-buses, meaning that when the postmen go to collect mail they can also pick up passengers. These can then be returned to their homes when the next collection is made. One local head postmaster was recently waxing enthusiastic on this and on the services the rural postman gives — such as carrying stamps for sale.

The Post Office Users Association in the area was duly impressed and suggested these unexpected services be advertised. But "Oh, no," was the answer, "We do not want too many people knowing about them." Impressed by the services, if not the Post Office's attitude, I tried to buy a stamp from a postman outside London. "We stopped carrying them years ago," he told me.

Matter of pride

Tough as a Turk, the saying goes, and the visitor to Turkey soon finds that it is a male-dominated country. Male tourists without moustaches attract disapproving clucks from rural women and sympathy for their wives that their husband is "not really a man." So all the more embarrassing for 200 graduates of the Moda Commercial School for Girls in Istanbul. The 200 were in fact boys, but had to be sent to the girls' school as the local boys' school was full.

The boys had few complaints while studying. But, when they graduated, their diplomas made them the target of ridicule from potential employers. Now this year's crop of male students have been out boycotting their lessons and protesting that the all-female staff of the school are not understanding to them. But they have one consolation, the support of the girl students—800 of them.

Go away closer

Sign at the entrance to a plot of land in a Sussex village: "Private. Church property. Trespassers will be forgiven."

Observer

FINANCIAL TIMES SURVEY

Monday June 5 1978

International Property

After the collapse of property markets in the early years of this decade, investors, developers and occupiers have been cautious to say the least. Now there are signs of a revival of interest in Britain, Europe and elsewhere, but because of the virtual standstill in new building prospective purchasers are finding it difficult to find suitable outlets for their money.

Lessons still unlearnt

MONEY IS one of the few truly international languages and as improved communications have made it progressively easier to talk simultaneously in dollars, yen, roubles, or marks, the investment markets of the developed nations have tended to shed their national characteristics. But property is an exception in this drift to uniformity.

While a money broker is equally at home in a City of London dealing room as in its mirror image in Singapore or New York, the property investor remains as dependent on local advice as a Victorian tourist setting out on a grand tour.

In the early 1970s there were plenty of unprepared travellers in the property world. They included the British developers who set out to repeat their successes in a tightly controlled British market in other but less amenable markets; the U.S. banks who poured cheap finance into developers' pockets; and the Continental funds drawn to back leisure schemes along Spain's Mediterranean coast. All of them eventually provided plenty of work for the receivers and liquidators.

The crash of 1973-74 resulted in endless screeds of critical analysis. Banks rediscovered the age-old tradition that lending short to invest long is a sure route to bankruptcy. Longer-term investing institutions agreed that it helped to look beyond the seemingly high capital returns on overseas developments to the unacceptably high risks involved in markets they did not understand.

Safety

The surviving property companies either blamed the local advice they had earlier ignored or had not bothered to consult, the vagaries of exchange rates they had not investigated in sufficient detail, or acts of God. The latter seem, in retrospect, as valid a reason as any for some of the extraordinary schemes that were cobbled together in the happy days of unreason in the early 1970s.

Remarkably few overseas property investors were locked up—either for their own safety or the peace of mind of their shareholders, pensioners or depositors — after the crash. Five years on it is once again hard to view any of the established property markets in the world without running across enthusiastic advocates of overseas investment. London throngs with U.S. "advisers" keen to sell a slice of the action in a Florida retirement centre or a Chicago office scheme to pension fund managers. And as Dutch cash flows into Germany, German marks move back into the U.S. and Spain, and French francs vie with their heavierweight Swiss counterparts for Canadian properties. it is quite like old times again.

Scarred

The crash has, however, left scarred memories, and for the time being property investment away from home markets is tempered by a fair degree of caution. This caution is now threatened by a problem common to most of the major financial markets of the world, the problem of too much cash chasing too few institutional quality property investments.

The inflationary growth of investable funds in the hands of the pension funds, and to a lesser extent the insurance companies and their equivalents, forces fund managers into keen competition for good quality property. There has been insufficient new development of prime space since the crash to feed the institutions' increased appetite for these investments.

Fund managers who cannot satisfy their property investment requirements in their home markets are faced with a number of choices. They can in theory cut the property element of their investment portfolios. But that would go against the established assumption that property holdings are a basic element, of any institutional portfolio, an assumption that justifies an element of price insensitivity in the long-term demand for the best quality properties.

Another way around the supply problem is to finance the development of new buildings. What development activity is now under way tends to be in response to this institutional buying pressure rather than to projected tenant demand. But as even the most asset-hungry institutions cannot totally ignore the prospects of eventually filling their new schemes, such manoeuvres as lease-back deals with established owner-occupiers, as well as forward lease-backs to expanding retail groups—or less often, factory, warehouse or office users—have become highly fashionable again.

Institutionally backed developments are not in themselves sufficiently common or sufficiently sizeable to resolve the supply problem. And that leaves fund managers with the further option to lower their sights and to accept secondary quality properties.

Definitions of "prime" and "secondary" quality properties vary. But it goes against the grain for fund managers to turn from the most obviously top-grade buildings, locations and lease covenants to potentially more troublesome fringe properties, and it is improbable that the supply crisis will be resolved by a sustained slide down the property quality grades.

Where then are the institutions to find the necessary properties for investment? One already heavily tapped source is the portfolios of established property investment companies, many of which now have links with institutions giving their fund partners an informal favoured buyer status. Recent talks between English Property Corporation and a continental institution illustrate a more direct route to established property companies' assets.

The remaining alternative source of prime quality properties lies outside of the institution's home market. But in the property market overseas investment is subject to a myriad of problems. The incompatibility of international property valuing standards, differing tax laws, the difficulties of portfolio selection and management at a distance—plus the added complexities of operating in different currencies—combine to keep the overseas elements of most funds relatively low. Even in the current search for good investment property these problems prevent any mass migration of funds from country to country. And although there is an increasingly international flow of property finance, as individual market reviews in this survey show, the overflow of funds away from home markets remains relatively insignificant in comparison to domestic investments.

Cross-border investment may help to relieve some of the buying pressure generated by the increased weight of investible funds. But we are unlikely to see a repetition of the rash overseas buying programmes of the early 1970s. Quite apart from the salutary lesson of earlier burnt fingers, the European tradition of direct equity participation in commercial, and in some markets residential property, is becoming increasingly common throughout the world. The consequently increased local competition for property investment creates another barrier to incoming funds.

John Brennan
Property Correspondent

BELGIUM

Optimism returning

MOST OBSERVERS agree that the sharp rise in the overall take-up of office space in Brussels *last year* was due partly to special factors and that as a result new leasing is unlikely to grow at quite the same rate in 1978. But any check to the underlying flow of favourable statistics should not prove too much of a burden for the wave of optimism now spreading through the property market in Belgium.

This is not to say that the Brussels market is no longer suffering from the over-supply position built up during the boom years of the late 1960s and early 1970s. But the prospect of a balance between the forces of supply and demand seems "real and imminent" to quote from a speech made at a recent seminar presented in Paris by Jones Lang and Wootton. The international estate agents back up their claim by pointing to the growing number of foreign investors, notably Dutch, now returning to the commercial market in Brussels.

According to Jones Lang some 250,000 square metres of office space was taken up in Brussels last year compared to 150,000 square metres in 1976. No official statistics are available, but the agents reckon their projections are in line with those found elsewhere in the property market and that most people put the present available pool of office accommodation in Brussels at no more than 400,000 square metres. This is the basic assumption upon which Jones Lang base their arguments for a speedy return to supply and demand equilibrium.

The commercial market in Brussels is perhaps the last remaining major centre in Europe to shake off the constraints of the property crisis of 1973 (when the take-up of office space approached a peak 425,000 square metres as UK developers piled in to Brussels and compounded the problems of high demand from EEC and NATO-linked users). But the renewed strength of neighbouring property markets is now expected to wash over into Belgium, and as a result activity in Brussels has surged upwards. Tenants and purchasers are now beginning to realise that now is the time to take decisions in the hope that in a few years time they will prove to have been made at historically low values.

The recent Jones Lang seminar underlined this point. Under normal Belgian practice a lease will be for nine years with mutual options on behalf of both the landlord and the tenant to break the lease at the third and sixth years. Some UK investors have managed to extend leases by as much as 12 to 18 years, but the Belgium practice of nine remains heavily ingrained into the character of the Belgium market

So any change in property values is likely to rapidly percolate through existing properties as either of the parties to a contract utilises his break option in order to adjust the rental being paid to market conditions. This potential for a rapid build-up of property values, once the present log jam of over-supply is finally broken, is why investors have begun to reappear in Brussels.

Investors working from a strong currency base like the Dutch will have taken into account the possibility that a complete revision in income stream need be no more than three years away. Timing is all important and no one can be totally sure of full commitment. But more and more development funds are beginning to hedge their bets.

Reflection

The funds now nibbling away at the Brussels market are widely spread internationally. Out of a total market share in Brussels last year of 138,000 square metres, Jones Lang Wootton Belgium sold some 70,000 square metres of office building in just nine transactions. Of these five were for Belgian organisations ranging from semi-state bodies to an insurance company with the rest spread between a Swiss insurer, an American insurer, one Dutch property investment company and a UK unit trust.

A reflection of the Brussels property revival is the rise in rents in areas where supply is now beginning to become limited. The most notable movement in this respect still tends to be in the prime business area, the *quartier* Leopold where Belgian and international companies readily appreciate the attractions which this location has over other areas of the City.

Elsewhere in Belgium the purpose-built office rental market is still at the embryo stage with many occupiers preferring to purchase floors or apartments for use as offices. One notable exception to this trend is found in Antwerp where the move towards rentals has been accelerated by the availability for the first time of good, air-conditioned buildings. This type of building tends to sell readily as an investment.

On the industrial front cost and value have also moved out of line but to a lesser extent. There is still plenty of space available in the Brussels-Antwerp regions. Around Antwerp a number of light industrial buildings have recently been sold for occupation, and lettings apparently continue steadily enough. It is felt, however, that the large programme of building in the port area could well take some time to digest.

As for the shops market through the country, Jones Lang Belgium stress that this remains as erratic as ever since it is still dominated by small individual traders.

Evolution

A feature of the overall property market is the degree of state control that has begun to creep into the system over the past year or so. This should lead to a more orderly evolution of a property market that hitherto has been a classic example of free market forces.

The major measures to date have centred on the indexation of rents and there are now plans to introduce more comprehensive legislation. This will eventually replace the various measures which up to now have placed somewhat ad hoc controls upon the annual indexation of rents, notably the tightening of the system to combat the ravages of inflation. Over the past two years the ceiling on rental increases have been held artificially below the growth in the Belgian cost of living index.

Over the past year the Brussels market in real estate certificates has remained at a relatively low pitch. Direct investment in property has always been problematical and in order to widen the investor base a number of financial institutions created this market just over ten years ago. Since then more than 40 issues have been made enabling projects worth BFrs 6.5bn, or around £110m, to be undertaken. Almost three-quarters of the issues have related to the financing of distribution companies while the balance have underpinned the leasing of office buildings and shopping centres.

The leasing certificates relate to items of property which in most cases carry a long lease with an option to purchase in favour of the lessee at the end of the operation. This usually relates to property built on specific sites for a specific lessee.

Before 1973 issues of real estate certificates were primarily concerned with leasing operations of this type. Since that year a second category of certificate have come on to the market. These are not covered by long lease contracts. They relate to real estate let or to be let to one or more tenants generally on the basis of a traditional lease of nine years with review options every three years.

The certificates are freely negotiable with prices published fortnightly in Belgium's financial Press. The certificates are not listed on the Brussels Bourse but the major banks centralise their supply and create a secondary market.

Jeffrey Brown

THE NETHERLANDS

Most operators holding off

THERE IS a growing oversupply in the Dutch domestic property market as investors are increasing their activity abroad. The limited size of the Dutch market and the restricted number of prime properties have brought steady downward pressure on yields in most sectors over the past year. Yet whereas the Dutch have become more aggressive operators outside their own borders there are also signs that foreign investors, notably the British and West Germans, are taking an interest in Holland.

Demand for owner-occupied property in the private housing sector shows little sign of abating despite sharp price rises and central bank curbs on credit, and commercial demand is restrained by low levels of economic activity. Bankruptcies, mergers and a general reluctance to invest have contributed to poor demand for most sectors of the commercial market. The latest economic forecasts give little hope of an immediate improvement.

The important Dutch export sector will increase foreign sales by 3 per cent by volume this year after a decline of 2 per cent in 1977, according to Central Planning Bureau figures. But if world trade grows at the expected rate of 5 per cent, this will represent a further loss of foreign markets. Unemployment will remain above 200,000 this year and there are growing fears that Government measures to create new jobs will not be adequate. Private consumption continues to grow at a very slow rate — 3 per cent this year against 4 per cent in 1977 and investment by companies is expected to increase only 3 per cent compared with 16 per cent last year.

Some successes have been achieved, however, in the areas of inflation and wages. The consumer price index is expected to rise only between 4 per cent and 4½ per cent this year (it was 6½ per cent in 1977) and moderate wage rises seem likely to prevail for the next 12 months. Despite recent uncertainty on the foreign exchange markets, largely centred on the U.S. dollar, the guilder has remained firm and sufficiently in line with the other major European float currencies for central bank intervention to be held to a minimum. Dutch interest rates have been falling steadily for the past few months and fears that central bank curbs on credit volume would push them up again have not been realised.

The legislative background continues to hold many uncertainties for business in general and the property market in particular, though. Potentially the most far-reaching, but because of this with perhaps a very limited chance of implementation, are proposals for the introduction of inflation accounting. The business and property world is still digesting the recommendations made in the 350-page Hofstra Report.

Partly because inflation is now less than half the 10 per cent level prevailing when the report was commissioned in 1975 the Government's reaction has been lukewarm. It is also questionable whether any government could afford the unpopularity which some aspects of the proposals would arouse. Holland's largest mortgage bank, Westland-Utrecht, says it is not unduly worried that the plans will ever be implemented, at least in their present form. The fate of other radical reform measures in recent years does not indicate inflation accounting will speedily reach the statute book.

Another major reform proposal of the previous Centre-Left Government—for "excess" profit sharing—is undergoing severe modification at the hands of the five-month-old Centre-Right coalition. Profit sharing has proved a significant damper on the foreign investors' view of Holland over the past two to three years although its actual impact is difficult to quantify in view of the other factors which have also deterred foreign investment. The new Government seems ready to give industry a more generous return on capital before creaming off "excess" profits. The percentages to be paid have also been reduced and, even more significant, any transfers to the "excess" profit fund can be set against corporation tax.

How does the market look from pavement level? In its spring survey of the commercial property market in Holland, the Amsterdam office of Savills reports much discussion of, and interest in, commercial space but relatively few transactions. Purchasers and tenants appear to be waiting for a turn in the economic tide before coming back into the market. On the supply side, developers have done a lot of preliminary work on schemes, in anticipation of demand. In the meantime some small- and medium-sized companies, having failed to find what they need on the market, have started development projects of their own.

The shop market has been particularly active with the dearth of units on the main shopping streets of Amsterdam now having spread to many provincial towns. However, a question mark is raised by the decision of W. H. Smith and the Dutch publisher Elsevier to pull out of their joint retailing venture, Sims, which sells books, stationery and leisure articles, when it failed to find a market in Holland. It is one of the many UK retailers in Amsterdam's prime shopping street, the Kalverstraat. The situation in Amsterdam is of growing concern to many businessmen. Plans to surround the centre with an inner ring road giving priority to public transport, cyclists and pedestrians are seen as a further threat to the accessibility of the city centre stores.

Office rents have shown little movement in the past year and are now around Fl 250 ($110) per square metre for good modern offices in the "Randstad," the Amsterdam, Rotterdam, The Hague, Utrecht region. Provincial city rents are around Fl 180. Savills forecasts a rise to Fl 300 in the next few months with the new buildings which come on to the market of a lower, but still highly acceptable standard compared with the boom of 1972-73. Rentals for modern industrial or warehouse space in the "Randstad" are steady around Fl 60-80. Smaller units continue to attract a good deal of interest when offered for sale or lease.

The annual survey of the Dutch property magazine *Vastgoedmarket* published earlier this year showed more than 3.3m sq metres of space in medium-sized to large commercial buildings on offer compared with 2.9m 12 months before. The total value was put at Fl 3.5-5bn ($1.5-2.2bn). A *breakdown by sector* shows the amount of office space for sale or rent, directly available or under construction in buildings of at least 500 sq metres, had risen to 950,000 sq metres from 900,000. The decline in the amount of office space in 1976, which was due to a number of very large sales transactions, was, as expected, not continued in 1977. The amount of office space sold or rented last year fell to 310,000 sq metres from 380,000 in 1976, according to Vastgoedmarket's survey. For the first time in a long while the business sector, and not the Government, was the most active operator, taking up 60 per cent of the market. The space taken up in Amsterdam and Rotterdam fell sharply. The Hague was stable, while other centres experienced a strong rise. Rentals in the three large cities were around Fl 200 per sq metre, rising to Fl 300 for some smaller units. Elsewhere rents were generally around Fl 140-180, according to *Vastgoedmarket*.

The amount of industrial and warehouse space on offer, in units of at least 750 sq metres, rose to 2.1m sq metres from 1.7m. Some complexes which had been standing empty for a long time were taken but company failures, among other reasons, brought about an increase in offerings while new projects were started. Amsterdam in particular has a lot generally of high quality space on offer. Modern industrial and warehouse space in the "Randstad" bears rentals of around Fls 70 per sq metre, rising to around Fl 90 when attached office space is calculated at an all-in price. Shop space of 200 sq metres or more on offer was unchanged around 300,000 sq metres. Top rentals of Fl 1,000 ($440) per sq metre and more are now being sought for smaller units in main provincial towns, as well as in prime shopping streets in the three big towns.

The strong demand for first-class rented property from investors has led to such price rises in Holland that yields have come under strong pressure and are now among the lowest in Europe. Initial yields on office space are 6 per cent in Holland compared with 6½ per cent in West Germany, 8 per cent in France, 7½ per cent in Belgium and 7 per cent in the U.S. Yields for industrial space are 8 per cent in Holland compared with rates of between 8½ and 10 per cent in these other countries.

The housing market, where yields are restricted by a rent regulation which compensates the tenant for inflation, and the limited number of first-class commercial properties, have also stimulated a move abroad by Dutch investors. The favourite countries have been Belgium, Germany, France, Switzerland, Spain and the U.S. Apart from in the U.S. these tend to be prime properties near major conurbations. Dutch institutions are still sounding out the U.K. market and most transactions that have taken place have been in the private sector.

Some commercial property, formerly in the hands of British companies and consisting mainly of office and industrial building have been put on the market. Dutch companies, such as Blauwhoed, the property division of the transport, storage and property holding company, Pakhoed, also reduced their portfolios. The amount of property coming onto the market in 1977 from these sources has been put at Fls 1-1.5bn (£240-660m). Funds were plentiful with some mortgage and commercial banks willing to provide up to 100 per cent financing.

Charles Batchelor
Amsterdam Correspondent

Settled conditions

NOW THAT the elections are part of history a more favourable business climate has settled over France. Politically France may now be able to look forward to a period of some stability. However, it is debatable whether the French elections really had as much of an effect on the property market as some claim. Institutions, which normally invest in property, probably had few alternatives but to continue investing in France and individuals may well have considered property as good a place as any to invest.

So investment may have suffered only a little in the run-up to the elections, but letting was in worse straits. There was a clear downturn in the letting market which was accompanied by a reduction in the amount of completed properties coming into the market.

However if politically France is now looking on a firmer footing the French economy has been slow to recover. Industrial production improved in 1976 after the fall in 1975 and last year saw a very unimpressive performance.

Yet the analysts still talk of a continuing recovery. Foreign trade has picked up and unemployment has declined, while the rate of inflation is not expected to be much above the 9 per cent of 1977. So the economic background is not gloomy.

Explosion

Meanwhile the property market is finally showing signs of having pulled itself out of the problems caused by the over-enthusiastic development programmes of the early 1970s. This property explosion, which was largely British led, was caused by a number of overseas developers becoming hooked on the French market's potential. This resulted in a substantial stock of properties and not surprisingly when the 1974 recession came along a number of developers caught quite a cold.

However, by and large, this stock of properties has now been taken up. It is understood that the take-up of office space in the Paris area last year was around 700,000 square metres which was well ahead of the figures recorded for 1976 of 590,000 square metres. Some agents are now saying that there is a shortage of suitable investment properties.

The most commonly quoted figure for the amount of office space available around Paris is 1m sq m, and this represents to a significant extent properties in the new towns where the excess supply may take a few years to disappear. And, of course, the Paris area is by far the most important for the property market.

A concentration of investment in a country's capital is fairly common worldwide, but in France the centralised nature of business activities is far greater than in any other European country.

The population of the Paris region is almost a fifth that of the entire country, so not surprisingly most of the commercial development in recent years has been concentrated around Paris.

This is not to say that other areas, such as the provincial cities and the ports, do not offer opportunities for investment. But basically the Government's pressures to decentralise have not created a significant movement away from the Paris area. Occupiers are reluctant to move out to the provinces and new towns, so obviously the investors will not go out of the centre unless they are convinced that the demand is there.

Apart from the centralised nature of the French property market there are also a number of other fundamental differences which distinguish it from say the UK property market.

Insurance companies are the most important single force in France. Yet oddly enough the pension funds do not play a major part in the property market as they do in most other European countries, particularly the UK.

One of the most fundamental characteristics of the French market is the role played by the banks. These control the two leading property investment companies and also have influence over some development companies and estate agents.

Robert Lipscombe, a partner in Jones Lang Wootton in France, recently cited a case to illustrate this point. "JLW acquired a scheme for a UK investor from a French agent acting on behalf of a developer belonging to the same banking group, part of the scheme being subsequently resold to an investment subsidiary of the same banking group."

As for French property law this can be summed up very broadly by saying that land tenure is equivalent to freehold basis. Parts of a property which are owned in a type of co-ownership can be equated to a form of flying freehold, according to agents Richard Ellis.

Leaseholds are structured on a nine-year term and there are break clauses for the tenant every three years. These break clauses coincide with rent reviews which take place every one or three years. Whether annually or every three years, rent reviews are based upon a published construction index, which showed a total rise of under 8 per cent in 1977 compared with 14 per cent in 1976.

In France, rent increases for residential premises are subject to government control. This year increases will be limited to 6½ per cent for revisions due before the beginning of next month and to 85 per cent of the construction index for those falling due in the second half of the year.

Investment demand has been reasonably good over the past year—Dutch pension funds were evidently active in the latter half of 1977. Most of the interest is centred around commercial and industrial property where the prime yields are considerably higher than on residential developments.

Yields

As we have seen, take-up of office space has been increasing in the Paris area, and probably most investors will agree that the market now offers very few bargain buys. Office yields in Paris in the central area are mainly around 8 per cent while some of the top properties are nearer 7 per cent. Suburban offices offer a little better with prime yields of around 9 to 10 per cent. However, with the possibility of a shortage of office space in the central areas, rental levels could harden, unless there are any significant increases in supply.

Turning to industrial properties the main areas around Paris are in the north between the capital and Roissy airport and in the south around Orly airport. Obviously communication networks influence these sites.

The improvement in the warehouse investment market has not been marked. Though stocks of unlet properties are gradually being taken up there is still sufficient unlet space to deter most potential investors. There has not been much movement in rental levels over the past year and broadly speaking yields are in the region of 10 to 12 per cent.

Historically shop rents have been protected and ownership of freeholds do not change much. So there has not been a lot of interest for investors in shopping areas apart from a few decentralised shopping area developments which can be likened to Brent Cross in the UK. Certain of the developments have been sold as investments but pressures from traders in the central area have curtailed the growth of this area of the market.

How does the overseas investor fit in? This is obviously difficult to judge but it has been estimated that foreign investment accounts for about 10 per cent of the property market. However, the French exercise strict exchange controls which mean that foreign companies or individuals cannot use French local funds. Local financing is only allowed where there is joint ownership and this is related to the relative stake of the French partners.

It was to a certain extent to protect the market from any adverse effects of cutting out some overseas investment that the Government came up with the "Plan Barre" in 1976. This earmarked Government funds for use in aiding house construction, industrial properties and public sector construction. This policy is still important for the property market.

Terry Garrett

W. GERMANY

Slow return of confidence

CONFIDENCE IS returning to the property market in West Germany but it is a slow process. The key influence is clearly economic activity which remains sluggish along with the world trend and at this stage few observers are prepared to predict the actual timing of the next upsurge in the property cycle.

Where they can be pinpointed, overall patterns suggest that the mood among investors, developers and estate agents is one of cautious optimism. The market has been stable for some months and there is a growing concensus that the bottom has been reached. At the same time, the West German economy, although flat, remains one of the strongest in the world.

Like so many property markets in Europe, that in Germany is plagued by a lack of official statistics or any reliable guide to market momentum. Difficulties in appraisal also arise from the fragmented nature on the market with activity spread among no less than six major cities—Hamburg, Düsseldorf, Cologne, Munich, Stuttgart and Frankfurt—all of which differ in character and in patterns of demand. This absence of an energetic central market of the sort found in Paris, Brussels or London compounds the problem.

However, for the record the residential market continues to suffer from over-supply; industrial building is heavily overshadowed by the slackness of the economy; office development is spasmodic with a certain firmness showing through in Frankfurt; the shop market continues to buck the general property depression and prosper comfortably.

Location

Given its geographic location at the centre of Germany, its status as the country's banking capital and its major airport, Frankfurt is perhaps the prime area for office development. One of the band of UK developers active in Germany, Slough Estates, reckons its modest, 12,000 sq ft development in the city could soon be largely let, having stood empty since its completion at the end of last year.

According to Slough, whose fixed assets in Europe now amount to about an eighth of the group total, the market in industrial property in Germany has been holding level for some six to nine months. The company recently acquired an additional six acres of land adjacent to its Cologne site on which it will build a complex of some 65,000 sq ft before the end of 1978 (65 per cent of the property is pre-let).

One of the attractions of Germany to a group like Slough is the favourable cost of money. Rates of interest may have hardened marginally in recent weeks—partly due to the onset of the summer tax paying season—but the economics of borrowing in Germany are probably the most favourable in the world, Switzerland apart. During the first quarter of 1978 mortgage lending by the savings institutions was running almost 40 per cent up on 1977; and the major commercial banks, which were hit especially hard by bad debts following the property crisis of 1973 and 1974, have recently been edging up their facilities to mortgages of between 60 per cent and 70 per cent.

In the eyes of the major estate agents the property market in Germany has already begun to recover. Weatherall Green and Smith cite the activeness of UK institutions as well as a strong retail market, while Jones Lang and Wootton reckon to have noticed a steady return of confidence over the past 12 months.

Weatherall points out although UK institutional activity is relatively modest in terms of the overall market in Germany, a growing number of transactions are being carried out mostly with UK developers and the "trend is continuing." The agents see the Dutch, who appear to be switching their concentration of funds away from the Dusseldorf conurbation and other cities in the Ruhr as among the most active foreign institutions.

Commenting on the office market in Frankfurt, Weatherall says that the over-supply position is mostly concentrated outside the centre of the city. The bulk of the 400,000 or so square metres of office accommodation thought to be overhanging the market is mostly found in the new offices areas like Niederrad and Eschborn and in certain large tower blocks on the periphery of the city. "It is a completely different situation in the main banking centre, especially in the Innenstadt where there has been a constant demand for new lettings."

A good illustration of this can be seen in the BfG tower where the agents were involved in letting some 12,000 square metres of accommodation some months before the block was completed. In such prime, air-conditioned space rents have in certain instances moved up to DM 27 per square metre, and have been even higher for small areas.

The agents see the industrial market as remaining quiet. They point out that attractive interest rates have meant that the preponderance of German industry wishing to invest in new premises will these days tend to build its own accommodation rather than lease. As a result very few speculative industrial schemes are being carried out. Conversely the retail market has "remained firm." Despite the prevailing sluggishness of the official retail sales statistics in Germany, the country's retailers show none of the caution of their industrial brothers. Shop expansion is widespread.

Jones Lang and Wootton make the point that growing difficulties in obtaining planning consents for certain types of retail property have helped in some ways to enliven this market. This is especially relevant in areas like hypermarkets where the rapid development of the past decade is now slowing to a trickle. Institutions are now beginning to invest in this sector whereas previously the market was dominated by the private investor.

Without any doubt, however, the most sought after types of investment are pure office investments and shops, or mixed shops and offices, provided the location is good.

Speculative

Investor interest is by no means limited to what might be regarded as first-class locations. Both property funds and insurance companies are prepared to purchase property in relatively secondary areas provided yield values are favourable.

Stimulated by the interest rate structure in Germany which is now at its lowest for something like 20 years, the demand for good investment propositions is considerably in excess of supply. For this reason, the agents suggest, institutions are beginning to turn to more speculative situations such as the purchase of empty buildings, forward commitment purchases and in some cases, development. It is clear, however, that not all German institutions are this daring.

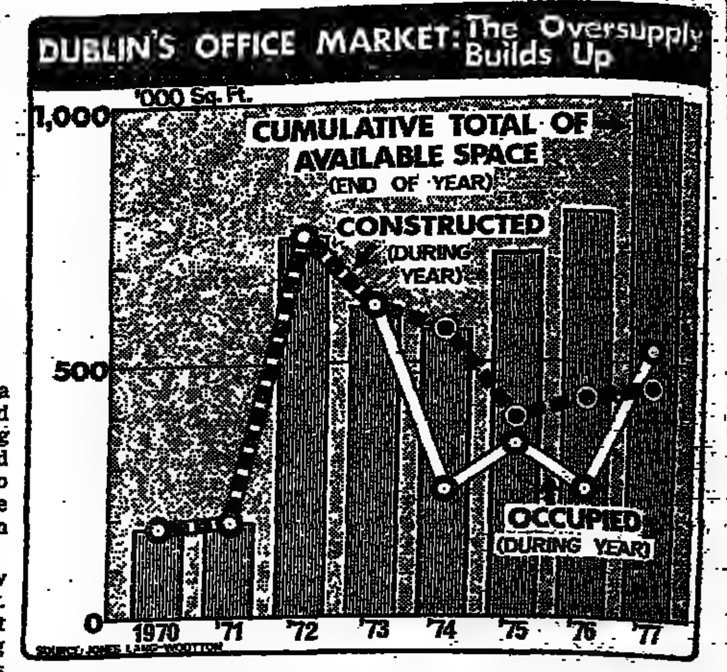
The major investors in the commercial property market in Germany are the insurance companies and the closed and open-ended real estate funds. Both invest on a national basis. Pension funds also invest in property but their activities are limited by size since the private pension fund industry in Germany is relatively small. For obvious reasons the private individual will tend to concentrate on the smaller end of the market.

The open-ended property funds to emerge intact from the recession are once more beginning to flex their buying muscles. In the past both the closed and open-ended funds have tended not to differentiate between investment in residential and commercial property: they now show a marked preference for the commercial end of the market where there is no rental control.

Jeffrey Brown

IRELAND

Active interest in Dublin



ANY REVIEW of the property situation in the Republic of Ireland begins and virtually ends in the Dublin area—but not quite. The country can be divided into three parts—Dublin, the south and the rest. Activity is picking up in the south of the country, but the rest remains virtually unchanged. It is in the Dublin area where it is all happening and there is much that is going on.

Activity in property is always very much tied in with the state of the country's economy. The Irish economy has turned round from the depressed situation and there is an air of increased confidence. This has resulted in the demand for office accommodation stepping up considerably, much coming from Government requirements, and the supply is just not there.

All prime office space has now been taken up and the demand has resulted in rents exceeding £4 per square foot, a level long regarded as being the upper limit for rents. Mr. Michael Lucey, the property investment manager of Irish Life, the largest financial institution in the Republic, reports that all space in the Irish Life Centre has now been let, much of it at rents above £4. He confirms that there is very little space coming onto the market—and only 50,000 square feet of new space in the pipeline.

Massive

Modern office development began on a massive scale in Dublin during the early 1960s. Since then nearly 5m square feet has been built. But until recently, supply and demand has remained more or less in balance, until the recent upsurge resulted in demand far outstripping supply. The main reason for this arises from a change in attitude towards the type of development that is acceptable, including a new outlook from the authorities.

Much of the planning permission already granted was for the old style monster creations of 100,000 sq ft or more with massive car parking facilities incorporated in the development. This type of property is no longer marketable, neither is it accepted by the authorities. The demand is now for much smaller blocks, no more than 50,000 sq ft with smaller parking facilities and the authorities are imposing certain obligations for residential development in planning permissions. One objective is to avoid the blight seen in other countries of massive office development in town centres with decay in the residential areas that once occupied the sites.

This means that many developers are seeking new planning permission based on the current style. Once this has been obtained then development can go ahead again to meet this growing demand. Irish Life has applied for new permission for its High School site in Harcourt Street in Dublin. Originally it was planned to have a large office block on the site with parking space. Now this has been changed to a series of smaller blocks—about 40,000 sq ft with smaller parking accommodation.

The Irish Life has also a revised development nearby in Adelaide Road and this site does include some residential development. The company has never turned down investment in residential property, unlike most UK financial institutions which eschew such investments. But it is held in the main life fund of the company, not in any specialist property or mixed funds.

This drying up of a supply has naturally caused values of existing office properties to rise steeply. Yields have now fallen to the 6 to 6½ per cent range, but at the moment that yield is purely nominal since there are very few office properties up for sale. This is likely to continue until the new developments come on stream from about 1980. But it needs to be emphasised that demand will be strong for the next decade. Jones Lang Wootton in its latest survey on Dublin Office Property estimates that a growth of 4,000 to 5,000 office jobs each year would generate an annual demand for about 400,000 square feet of space—half as high again as the average footage occupied over the last 15 years.

Dublin and its surrounding area is also the centre of industrial development in the Republic. The Government is pledged both to get inflation down well into single figures and to reduce the level of unemployment. On the first count it looks likely to keep inflation at 7 per cent, but the second pledge is more difficult to fulfil. The Industrial Authority, a Government agency, is buying land to encourage foreign companies into Ireland. But the activity is intense from the private institutions for industrial development.

The city has always been inadequate in providing adequate shopping facilities for the population it serves. Irish Life has a development scheme in Moore Street, including a covered mall plus car park and 200,000 square foot of shopping space. The project is estimated to cost in the region of £15m to £20m. Rents of £30 per square foot are now obtainable in Henry Street.

In the south, Cork is now occupying a lot of attention. The entry in the EEC has meant prosperity for Ireland's farming community and the benefits have come through most to the farmers in the South. The area has become prosperous on this account alone.

But now is added the prospects of oil being discovered on this part of the coast and the speculators have started to move into the area in anticipation of an oil boom. Cork could become another Aberdeen if the hopes of oil are realised. Already it has become difficult to get property in Cork itself. A new office block built for Friends' Provident Life was recently topped out in Cork, providing 16,000 square feet of office space.

Finally, the remainder of the country sees very little change, the main activity being centred in Limerick around the Shannon and the industrial area development adjoining the airport. Although there has been considerable development, the promise of this area has not been completely fulfilled. It was expected that this would be very much a "go-go" development area. These expectation received a nasty setback when the Dutch company Ferenka pulled out of its operations following a prolonged strike. This does not mean that the development is a complete write-off, but it was a serious reverse to expectations.

Eric Short

EAST EUROPE

Emphasis on industrial projects

PROPERTY development within the Comecon bloc is unlikely to take on the characteristics of the West in the foreseeable future. Property developments in the Communist countries are usually directly linked with plans to extend industrialisation or tourism. As such they are more cautiously planned in their initial stages than would be the case in the West where the property side of such developments can often be carried forward somewhat in anticipation of the rest of the project. But this caution should not disguise the scale of such projects, or the intention of carrying them through to fruition.

The outlook for tourist property development, now of such significance in many East European countries, is difficult to assess.

Much of the success of tourist development must rest upon relative cost, which at root is the major attraction or repellant for the package tourist on whom such developments rely.

At present East Europe has the reputation in the West of offering great opportunities for the development of reasonably priced tourist opportunities, but this may not be as true as generally believed. Much will depend on the experience of Western visitors to the Olympic Games in Moscow in 1980. An expensive experience here could cool off prospects for a number of tourist developments elsewhere in Eastern Europe.

In Russia the impetus supplied by the Games has been all the greater because of the relative scarcity of the more basic elements in property superstructure, such as hotels, residential complexes for visiting athletes and even road systems on the scale needed to accommodate the Games

While there have not been any firm public estimates of the number of visitors expected to visit Moscow, the stress laid by the authorities on new building emphasises the significance of the event for the industry.

Western groups have been involved in the contracts for massive improvements to Moscow's catering and communication facilities. Some sources indicate that hotel accommodation in the Russian capital will be quadrupled by the opening of the 1980 season. Moreover, the cost of extensions to the Moscow road system and other improvements within the city has been assessed at around the equivalent of £240m.

Boost

Nor has the boost to Russian tourism from the Games been restricted to Moscow. Property developments in the form of camp sites or motels are planned in other major cities such as Leningrad, Yalta, Erevan and Sochi.

Seaside resorts on the Black Sea are confidently expecting to double their number of visitors and there have been many projects to develop new resorts. In a nation still regarded as a newcomer to world tourism, there can be no doubt that the Games have opened up significant opportunities within the property and construction industries.

Tourist developments are likely to continue to be a major feature of the property sector in Bulgaria. During the past two decades the powerful rate of economic growth in the country has of necessity thrown the bulk of investment into the industrial sector. But there are indications that this bias has eased over the past couple of years. This has meant further concentration on agricultural land, which contributes about one third of the Gross National Product. Current plans are for an increase of 20 per cent in agricultural production, with an increase of some 400,000 hectares in irrigated farmland.

Developments in the tourist sector, however, will clearly play a major role in property activity. The State Committee for Tourism is laying great stress in the coming five-year period on developments in the Black Sea areas, where it sees a growing demand from Scandinavia and West European countries based upon the attractions of the climate.

On the coast there are plans to extend the existing material facilities and tourist infrastructure. But perhaps the most interesting developments will come in the hinterland.

Intention

The intention is to build a substantial number of "balneological centres" which will contain not only the traditional accommodation but also a wide range of therapeutic and recuperative facilities. For the immediate future—until 1980—this will mean the extension and modernisation of existing buildings and towns. But if the bid to attract what are now dubbed "medical tourists" proves successful, then there are plans to increase substantially the rate of building and property development in these Black Sea areas. Should the tourist trade warrant further extension, then there are plans to erect new mountain resorts farther away from the coast.

In the case of East Germany the past few months have seen agreement on some substantial developments, with the stress laid on industrial rather than tourist activities. The Japanese are at present building a new international trade centre in the middle of East Berlin and seem likely to obtain the contract for a chemical plant at Schwedt on the Oder. The plant will cost some $450m and has been eagerly fought over by several Western countries.

East Germany is known to have several other development plans in the pipeline, and it is likely that the coming year will bring another bout of competition. But such contracts are expected to be restricted to heavy industrial plant where property involvement takes a back seat to the provision of machinery and buildings.

Thus another substantial industrial contract to build the plant for making motor transmission systems, although it will be one of the largest industrial contracts negotiated in the West by the East German Government, is unlikely to include any non-industrial construction. The £190m cost of the plant places it among the most lucrative on the world market.

There are also hints of another fertiliser plant development ahead in the Rostock area. But the exclusively industrial nature of these contracts seems to make them prime targets for Western industry and competition is always strong. The Rostock contract, it is thought, may go to Creusot Loirs at an estimated DM 300m.

One possibly significant development for the future has been East Germany's success in attracting a loan of $22m from an Arab syndicate. While not large in itself, the loan is thought to be the pilot project for much larger loans. In view of the evident desire for further industrial expansion in East Germany, the Arab loan will raise hopes of further lucrative contracts over the next few years.

The prospect of economic reforms in Hungary has opened up valuable opportunities for the West in terms of property developments, especially as these opportunities will cover a wider range than the purely industrial sector.

A meeting last summer of the UK-Hungarian Joint Commission spotlighted several areas in which Western, and specifically UK co-operation would be welcomed. A major opportunity may be the building of a new Budapest airport. But plans for an irrigation project in the Tisza region and also agricultural development elsewhere in the country will also play a prominent part in developments in the immediate future.

It may safely be said then that there are still many opportunities for development in East Europe, despite the general recession. The liveliest prospects for the immediate future will probably remain in the industrial field. But the success of Western hotel and tourist groups in helping to develop tourist opportunities suggests that the longer term possibilities may lie in this direction.

By a Correspondent

Sluggish undercurrent

THE PROPERTY market in Italy has remained under the shadow cast by the other sectors of the nation's economy. The persistent recession in manufacturing industry has stifled demand for offices or factories. And with its tourist industry already well developed over the past century, Italy has not been able to rely on the boom in hotel building which has helped maintain the momentum in the property industry elsewhere in the Mediterranean or North African countries.

In some ways, in fact, the rapid development of the Arab world, which has often provided a safety net for other sections of European industry, has worked to the detriment of the Italian property sector. With little indication of a revival in commercial property development at home, Italian construction companies have concentrated on opportunities overseas, and have tended to draw after them such resources of skill and finance as might perhaps have been made available inside Italy. Thus property development inside Italy has continued to languish while the major Italian contractors have ranged abroad, to Algeria, Libya and elsewhere in the Mediterranean basin.

On the surface the picture is not too bad. The 21 credit institutions providing finance for property development lent a total of L1,552bn last year, an increase of 13 per cent over the previous twelve-month period, and total loans to the property sector probably clear L13,149bn at present.

But after allowing for inflation, these details confirm the sluggishness of new business during the period. The Government hopes to stimulate construction activity but this policy must take its place in the queue of other pressing industrial problems. Until such measures take effect it is hard to see how the property sector can be rescued from its present malaise.

But there are signs that the outlook is brightening. Of considerable significance has been the rescue of Societa Generale Immobiliare—Sogene (SGI) by 39 Italian banks. The past four years had seen the problems of the group, whose debts have been estimated at L500,000m, loom threateningly over the entire property industry. But the SGI, with all its difficulties, was also Europe's largest property and construction group and its survival is of central importance to the industry.

Indeed the past fortunes of SGI provide an all too accurate mirror of the fortunes of the Italian property industry. During the early 70s Italian investors fled from inflation (a terror in that country rather earlier than it was elsewhere) and from a collapsing currency (also a phenomenon which appeared in Italy before it became a threat in other European countries) and followed the traditional path of both peasant and sophisticated financier by purchasing "real assets."

Nothing of course is so solid as a piece of land. But on the other hand nothing is so immovable as a piece of land when the bottom has dropped out of the market and the asset having become too expensive to develop, proves also to be too unwanted to find a buyer at any price.

The new SGI intends, while maintaining its expansion into overseas ventures—at present ranging from North Africa to South America—to base its recovery on the domestic popular construction market. With the Government as well as 39 banks keenly interested in such a recovery, any progress at SGI will be good for the rest of the property market.

Some of the more cautious critics of the industry have pointed to one possible danger in the concentration on overseas opportunities which has become the major feature of the industry. There is a possibility that the aggressive pricing policies followed in overseas markets, where Italian entrepreneurs can still undercut the competition, could lead to the traditional error of overloading the order book with unprofitable contracts. However, there have been no signs of such problems yet.

Tourism, although not always the mainstay of the property industry, has provided some extraordinary examples of entrepreneurial success — or profiteering, depending upon the point of view.

The most recent upsurge has been in Sardinia, where property values, even by all the recent inflation-inspired standards has rocketed. Well after the end of the war a site large enough to accommodate a holiday chalet could have been acquired on the now celebrated Costa Smeralda for a mere 3p equivalent per square metre. The same site would now sell for at least £30 per square metre, and so on all the way up the scale. The scale is of course as extensive as might be expected in an area designed as a playground for the very rich, with the Aga Khan consortium playing a major role.

A few years ago it might have been feared that the period for such ultra-expensive property development was over —at least for the present. But work is in hand now for a massive further investment on the Costa Smeralda, with some £3m equivalent total commitment.

Elsewhere, however, property development is still lagging, a victim perhaps of the reputation Italy has for being a rich man's paradise and therefore not over-attractive to the cut-price operators who provide the stimulus beneath the expansion in the Iberian peninsula or in Greece or North Africa.

The inability of the South of Italy to share in this world tourism phenomena has been one of the most disappointing features of the past decade. Property speculation in the South, and there was plenty of that in the sixties, concentrated on optimistic commercial prospects in the major towns. Such developments have been largely halted by the general recession in the economy. Outside Naples or the Sorrento peninsula there is still a lack of impetus for tourist development which could do much to revive property development.

An underlying problem for the property sector remains that of persuading Italians, who are among the world's greatest savers, to take a direct interest in property investment. Personal savings continue to follow the traditional path into bank deposits — more than 50 per cent of personal savings of L64,063bn went that way in 1975. With share ownership playing an almost non-existent role in personal savings, this has left the banks on their own in providing finance for property — as they do largely for industry.

This factor may have serious implications for the latest hopes of reviving the construction — and thus the property — industry. There are believed to be firm proposals to extend the official control of insurance company investment in order to direct a major share of such investment towards popular housing.

At present insurance company investment is directed towards permitted investments including Government bonds and property. But property investment has become less attractive since rent restriction has curbed the rate of return. There are now, it is understood, proposals in the offing by which minimum and maximum lending limits for each investment category may be imposed.

These restrictions would also be imposed on the life assurance companies, although these in fact play a subdued role in Italy—attracting only 2 per cent of household savings. The snag, from the point of view of the insurance industry, is that the life companies have attracted too much attention from those political circles anxious to discover a source of finance for the desperately depressed domestic housing industry. With premiums of around £2.3bn last year, the life companies might indeed prove to be the source of strength for the property market in Italy as they have been in other Western societies. But for the present this remains conjecture.

Many banking sources in fact take a relatively optimistic view of the property sector. They point out that the Government's stiff dose of economic medicine has begun to re-establish the nation's self-confidence and that, with the financial institutions standing up well against the general recession, it could be that the domestic property market, via the housing sector, which will have first priority in political initiatives to rebuild the economy.

Terry Byland

SOUTH AFRICA

Still waiting for recovery

WHAT WOULD in better days have been a momentous occasion in the South African property market has come and gone with hardly a ripple. In April the Government at last announced the beginning of the dismantling of the country's 30-year-old rent control apparatus. The property industry had lobbied hard for this, thumping away at the standard arguments about how control distorts the market and how its abolition would lead to more confidence on the part of residential developers and consequently to more residential building.

The decision to do away with rent control was loudly hailed, but has had little real effect in the market place — no marked upturn in residential building, no stampede to buy up old rent-controlled blocks of flats.

In part that may be because of the phased nature of the de-control measures (over five years with rent increases limited to 10 per cent a year for two years for de-controlled premises), but there is another and more fundamental reason for the slow reaction. It is simply that the property market is in its worst shape since the depression of the thirties.

The residential market is one of the worst hit sectors. Except in civil servant-packed Pretoria, there are vacant flats all over the country. In Johannesburg a 10 per cent vacancy factor for a good modern uncontrolled flat block is not unusual. Even rent-controlled flats, for which you once had to pay a premium in the form of "key money" just to get in, are freely available.

House prices refuse to budge from the recession levels they stuck at in 1974. Indeed the top end of the house market (R40,000 and upwards) is a disaster area. Houses that commanded R50,000, a mere five years ago are selling at under R40,000 today — and invariably the seller has to leave some money tied up in the form of a second mortgage bond granted to the buyer. Agents reckon about 2,000 new homes are standing unsold on the Witwatersrand complex surrounding Johannesburg.

In the last few weeks agents have been talking about faint hints of a spurt in the housing market. The March budget did away with a transfer tax on the sale of vacant residential plots sold for R8,000 and less and houses sold for R20,000 and less. This gave a mild fillip. Then last month the Government announced that it would release the building societies from the requirement that they channel 62½ per cent of their total lending to loans of R18,000 or less. So larger loans—closer to the average R28,000 price of a house for South African Whites—will be easier to obtain. Many house agents agree that though prices are not moving, the number of sales is creeping up.

The most depressed sector of the property market is without doubt the office letting business. In Johannesburg the amount of vacant office space tops 300,000 sq metres, and the take-up rate in the CBD is estimated by Dunlop Heywood, a broking and valuing firm, to be only around 70,000 sq metres a year. In Cape Town there is more than 100,000 sq metres of surplus office space; in Durban it is closer to 200,000 sq metres.

The results are not surprising —first, no new building; second, a rent price war. It is a tenants' market and fancy asking rents are only for the glossy brochures. New high-grade vacant office space can now be had in central Johannesburg at R3.20 per sq metre per month and upwards.

Even Carlton Centre, a highly desirable location, now battles to attain its asking rents of R6.46 a sq metre for small areas and R5.92 a sq metre for large areas whenever vacated space comes on the market.

Anglo-American, one of SA's biggest landlords, obtained R3.23 a sq metre for new air-conditioned office space in Johannesburg in 1972 and is now getting only R4.50 for similar space, an increase of 39 per cent. This sounds reasonable during a recession. But in the same period the consumer price index has climbed by more than 70 per cent.

Shop leases have not fared better. Three and five-year shop leases now expiring are being renewed at discounts of up to 30 per cent, says Dunlop Heywood. High Street shop turnovers are not rising. In the shopping centres now popping up all over South Africa turnovers are better and landlords have the additional advantage of cheap ground cost and lower taxes. But the market now feels that the country is already overbuilt with suburban shopping centres. Six hypermarkets have been built and another six or seven are on the drawing boards. Later this year South Africa's first really big U.S.-style centre opens on the eastern edge of Johannesburg. Called Eastgate, it will have over 100,000 sq metres of floor space (1m sq ft).

The office letting troubles are naturally reflected in the market prices for investment properties. Very few change hands nowadays but occasionally a must-sell situation does arise. One such was the recent sale of the 13-storey headquarters of the collapsed Glen Anil property group. Located just off the city centre this is a well-built modern building with a rental income after expenses but before interest of R200,000 a year. But that came from only 78 per cent of the space. With 22 per cent unlet there was potential for rental growth. It fetched at auction only R1.55m (municipal valuation is R2.5m, replacement cost about R4m), giving a yield of around 13 per cent.

For even better quality properties in the very best locations, buyers want 10 per cent yields. Sellers seldom contemplate accepting more than 8½ per cent.

Savings

Things are unlikely to get better all that soon. In the first place money for property investment is not easy to come by and may not be for months still. The banks' fingers are still smarting and in any case long-term deposits and private savings are swinging away from the mortgage granting houses to the numerous Government savings schemes, some of them with tax-free benefits. The only real sources of money are the institutions with their contractual cash flows.

With a massive build-up of cash resulting from the last three years of relative inactivity on their part they are now buying again—selectively and at yields *they* like (12 per cent and up when they twist arms long enough). They prefer too the industrial property market where they get long fully-repairing leases with blue chip tenants.

The second and most important reason why the property market is not likely to recover soon is because it lacks that essential and elusive element of all blooming property markets —*long-term confidence*. Angola, Biko, the bannings, the Soweto troubles—all have their effect on the property market.

Lack of confidence telescopes the investment time span. The people who deploy capital want it returned sooner. You cannot buy, or erect, buildings in that frame of mind. But they were saying similar things after Sharpeville, yet look at the boom that followed that. Will the recovery happen again this time round? That is the question every South African investor, large or small, must answer for himself.

Nic Stathakis

THE U.S.

Better but not booming

BEYOND A shadow of a doubt the U.S. real estate market is pulling strongly out of the recession which reached its nadir at the end of 1974. On the other hand the climate is not all set fair pointing towards a boom.

In fact the present state of play is a botch-potch of conflicting indicators. For instance, over the past two years overseas investors have been flocking to put money into American real estate. One recent estimate puts the value of money invested over this period by foreigners at $1bn, spearheaded by Canadian commitments, closely followed by German investment and then Dutch, Mexican, British and Japanese (the latter particularly on the West Coast).

Now, one of the main attractions for overseas investors has been the relatively high level of yields on prime properties, in comparison with the European Continent, for instance. In recent months, however, that attraction has begun to be eroded. Free and clear yields on prime properties (over and above debt financing) have come down to between 6 and 7 per cent., compared with well over 8 per cent two years ago.

One of the factors in this movement has been the increasing—and still relatively new—competition for investment properties from the native institutions. Until a couple of years ago these institutions did not invest much in real estate. Sometimes their articles of association actually barred them from this investment medium, but more generally they preferred to build up more liquid assets. By about 1974 there was widespread evidence that the funds were seriously considering changing their views. They had begun to react favourably to property's attractions as a hedge against inflation.

At about this time, however, the banks' more traditional involvement in property, by way of mortgage financing through Real Estate Investment Trusts (REITs) was turning distinctly sour on them, and this put a brake on a natural inclination to further property commitments by way of ownership of investment properties.

The institutions are still not large enough to dominate the market, and in many cases their investment is still not much more than tentative. The pension funds, for instance, have only recently been permitted by law to add properties to their investment portfolios and so, by comparison with the UK or Holland, for instance, their property assets are still minor. The largest managed commingled fund, for instance, is claimed to be that run by the Trust Department of First National Bank of Chicago. At the end of last year its portfolio consisted of 40 properties worth $130m.

Trend

The natural momentum indicated by the new trend towards institutional investment, however, would soon see such figures quadrupled even if the funds chose to put only a minor percentage of their new money into property. But it is possible that there will be a check to this momentum in the next few months as the residual problems of the REITs raise their heads again.

At the beginning of last month the Chase Manhattan Mortgage and Realty Trust announced that it could not find the cash to repay $36.7m of borrowings. Although this had been one of the heaviest hit REITs during the 1974 collapse, it had always been regarded as secured by its relationship with Chase Manhattan Bank. In fact, it appears that the bank has no liabilities as far as the REIT is concerned and is only one of a couple of dozen banks who are owed $150m by the REIT.

Last month's announcement is likely to revive fears about initial financing of new developments. Most of the REITs who collapsed in 1974 were involved with short-term construction and development lending rather than long-term equity financing. That could, in turn, lead to a hiccup in the supply of such finance at a time when new building is just beginning to start up again.

Since the turn of the year there have been the first signs that developers are satisfied that the significant overhang of space on the market since the boom building period of the early 1970s is now sufficiently absorbed to warrant new schemes.

One indication of this new revival of interest in development — and involving an overseas company at that, and one known for its caution — is the office scheme in Chicago in which the British firm Slough Estates is to take a 25 per cent stake. The plan is for 800,000 square feet of offices in the heart of the financial sector of Chicago, which will cost £32m. This deal is already financed, through a 32-year fixed interest mortgage from the New York Life Insurance group. Slough's own equity commitment will only be a quarter of the development partners' $12m equity. The other major partner is the U.S. firm Draper and Kramer, and some 15 per cent of the space is already pre let at around $13 a foot.

The funding arrangement for the scheme is in the true tradition of U.S. real estate mortgages. But there are signs that cracks are appearing in this tradition. In recent months a number of deals have been signed up in which the funding bank or institution has inserted a revision clause somewhere about the middle of the mortgage (normally between 20 and 30 years duration) permitting them to increase the mortgage rate at least once during the term of the mortgage.

Behind this trend lies the recent volatility of interest rates in the U.S. On May 26 prime rates reached a three-year high of 8½ per cent, the second increase in a month and a 40 per cent increase from the low of 6 per cent at the end of 1976. At the end of last year mortagage money was available for property developments at around 9¼-9⅜ per cent. On that basis typical cash-on-cash returns were around 7 per cent.

Although rents in the major centres have been improving over the past year the growth does not appear to have been such as to allow developers easily to absorb this probable full point increase in finance costs.

This partial inhibition to new developments comes at a time when the popularity charts for types of property are, in any case, changing, and local developers are feeling their way into new types of schemes. There is, for instance, a marked move away from residential development which was traditionally the most popular type of building. Both condominiums and residential estates are being affected by this change.

The prime area for residential estates has been the suburban fringes of urban areas. Over the past couple of years both the newly awakened energy consciousness of U.S. citizens and authorities, and some degree of evidence for the adoption of rent control regulations by the authorities, has made new estates on these lines look less of a secure long-term investment than formerly.

Condominia

As far as condominia are concerned the simple problem is a market related one; there is still an oversupply of such space. According to a recent report from estate agents, Richard Ellis, some of the slack has been taken up by a resurgence of shopping centre construction. The firm points out, however, that the emphasis has been on neighbourhood and community centres, "as most areas have reached a saturation point for regional shopping."

One other factor which may be a reason for this trend towards centres with a pedestrian orientation rather than the traditional car-centred schemes, could also be energy consciousness, although it is debateable whether this is a genuine reason or just a selling point.

Richard Ellis also notes that, by contrast, there is a lower rate of growth in warehouse and light industrial sectors. Apparently, supply of such premises is more than adequate in most centres to meet existing moderate demand.

As far as offices are concerned there is general agreement that supply is being steadily absorbed, and pre-lettings are becoming familiar again after several years' absence. Even in mid-town Manhattan, according to Jones Lang Wootton, new development is being planned. The firm published a report early this year which suggested that some 4m square feet of space in six new schemes are on point of starting.

JLW links this new development activity firmly to the improvement in rents. After four years of stagnation, it claims that mid-town rents have risen to as much as $16-$20 per foot for key prestige buildings, though Downtown, even with an active market, is still only fetching $9-$12, little different from the levels of 1975 or 1976.

The southern "boom" towns of the early 1970s, such as Houston, still seem to be showing growth prospects, and rentals are correspondingly buoyant. Denver, Chicago and San Francisco are also generally being pinpointed as areas of a degree of shortage of space.

In short the U.S. real estate market has apparently found its feet again, but it is not bounding ahead except in isolated areas, and the general impression is of an industry looking over its shoulder at a range of niggling pursuers, from the economic indicators including the weak dollar to changes in investment popularity and restrictions to some of the traditional property favourites.

Christine Moir

MEXICO

Conflict of economics and population

MEXICO HAS emerged on a sea of newly discovered oil and mineral wealth. Last month's international property and planning conference in Mexico City highlighted some of the problems facing a country where new found economic power is being harnessed to update commercial and residential property markets that are currently unable to keep pace with the explosive population growth.

Reasons for the decline and fall of the ancient Maya civilisation in Middle America, before the arrival of the Spanish *conquistadores* are still obscure, but there is strong evidence to suggest that infertile soils, with decreasing yields, and the agricultural system of moving from field to field, were primary causes. Modern Mexico, with its many potentially rich resources is unlikely to suffer a similar fate, but with the country's explosive population growth over the last 50 years, coping with a rapid pace of land development is again a real problem.

Mexico's current population of 65m is expected to double by the year 2000. Mexico has the second largest growth rate in the world and in Latin America, only Brazil can boast of a larger population. The strain of population growth is most acute in the drift to the towns. Over 60 per cent. of the people live in urban areas, while agriculture supports some 40 per cent. Around 25m people live in 94,000 small, scattered communities, of not more than 2,500 people.

In contrast, 13m people live in Mexico City. By the close of this century, it is expected to be the largest city in the world: a capital of 30m people. Mexico City already dominates the urban pattern of the whole country, concentrating a massive proportion of people and wealth.

To the new half million or so *compesinos* (rural people without land), who arrive each year, Mexico City offers the illusion of opportunities for a fresh start to life and easy employment. The capital is also seen as a good location for firms needing access to the Federal Government, a large labour pool to draw from and a good communications network, with proximity to the largest markets. At present, all roads lead to the capital. On the northern borders, Mexicans find it expedient to cross into the U.S. to gain east-west access, and then re-enter their borders.

Acute

The continued investment of people and capital into Mexico City is bound to increase the already acute problems for both metropolitan and rural economies, and in turn, limit economic growth in other regions. Already half of the national budget is spent on the Mexico City area. Built on a lake bed, subsidence in the capital is a serious problem. The urban area has sunk some 7.5 metres, during this century, increasing costs while reducing the possibility of building upwards. There are also serious infracstructure problems, the main part being some 12 metres below the surface of the basin. Consequently, sewage has to be pumped up, before being discharged. It has become increasingly expensive to supply the capital with new water sources (barely adequate for the current population). In an effort to augment the supply to the city and reduce the withdrawal rate of the aquifer immediately below the city, groundwater in adjacent agricultural areas, particularly in the states of Mexico and Hidalgo, are being tapped and the yields pumped back to the metropolitan area.

Not least of the problems is the city's inadequate traffic and parking system, used by over a million vehicles, which are responsible for some 60 per cent of the capital's high level of atmospheric pollution. A study carried out by the United Nations in 1973 shows that toxicity in the Federal District of Mexico City is 100 times above the admissible level.

Demographic and economic trends imply further urbanisation in Mexico City. But most of the additional 10m to 15m people expected are unlikely to be accommodated in the existing physical space of the capital, and will need to be provided for in planned communities outside the present built-up area in the valleys of Cuernavaca, Puebla, Tlaxcala and Toluca.

Mexico remains a country with large, as yet untapped resources, not far short of those of the U.S. The country is not only rich in oil reserves (estimated by the Government to be over 60 md barrels), but also in uranium, phosphates, copper and silver (once the largest producer in the world).

In the next 25 years Mexico is expected to develop her natural and manpower resources, to become a major power in the Americas. Meanwhile, Lic José López Portillo's main task as President includes the restoration of confidence in the economy as a result of devaluing and floating the peso, by carrying out a programme of economic stabilisation.

Mexico has to industrialise in order to create employment opportunities and at the same time maximise agricultural out-

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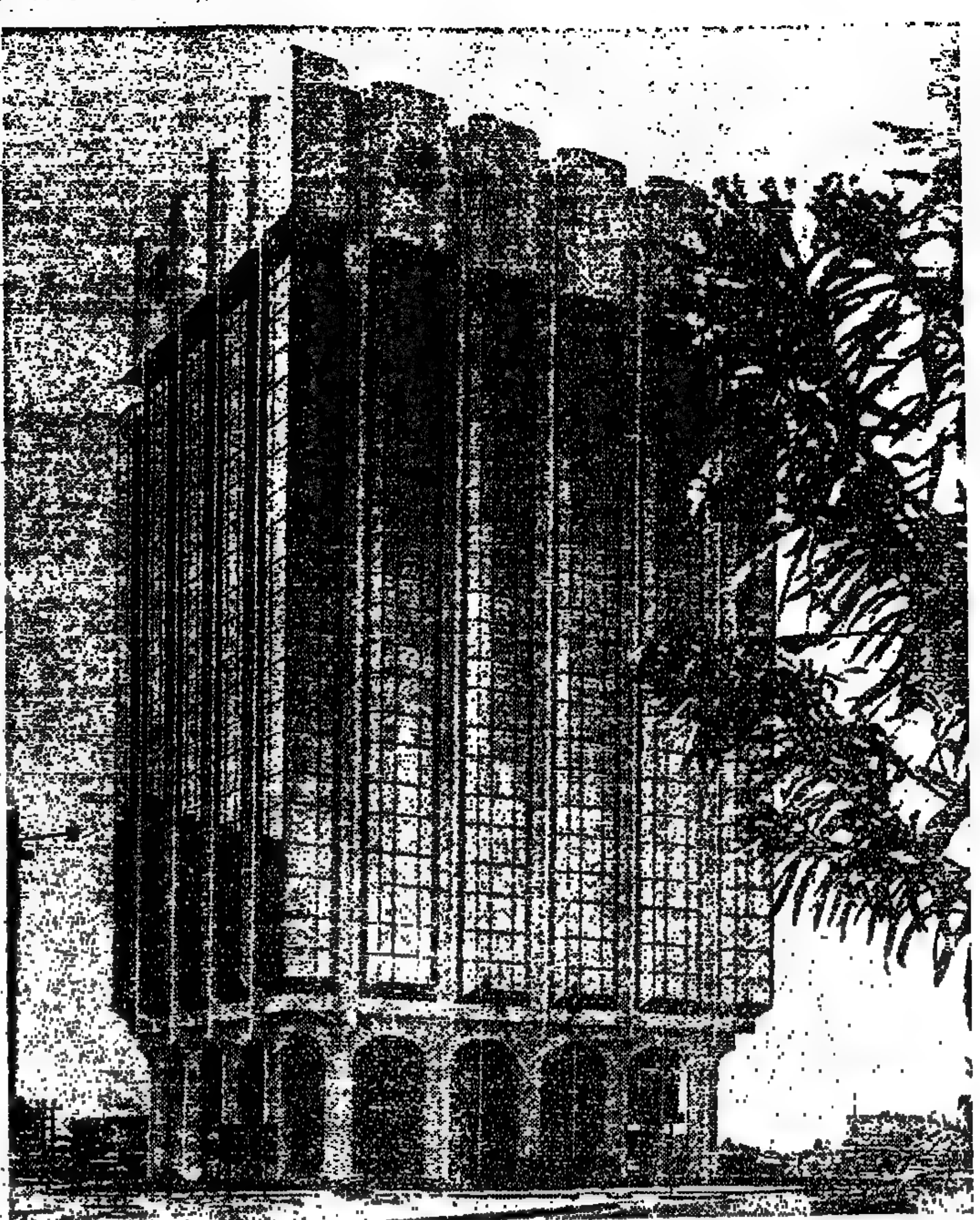
Tough competition for British companies

APART FROM oil, the commodity that the Middle East is not short of is entrepreneurs. They abound and the kind of skills which British developers have used with such remarkable effect elsewhere in the world are in every-day use in the Middle East.

The skills which are in great demand throughout the Arab world are those of the professions closely connected with the construction industry, such as civil engineers, architects and quantity surveyors. Because generally the British professions provide a wider and better service than their European and Japanese competitors it had been assumed that they would get the lion's share of profitable work in the Middle East.

But many appear to have been missing out recently on the concept of consultancy work which is gaining favour with Middle East clients, where a consultant defines the parameters of a project and leaves the design work to a contractor who quotes on a turnkey basis. Nevertheless, invisible earnings by UK engineering consultants in the Middle East amounted to around £130m in 1977.

The giant UK construction groups, which are large even by North American standards, are carrying out vast schemes throughout the Middle East, work which they get in fierce competition with other contractors from places as far afield as South Korea, Japan and India, but they cannot be considered to be in the premier league. The structure of the UK construction industry appears to be against them when in competition with operators from other countries.



The Bank of Credit and Commerce International building in Abu Dhabi, built by Bernard Sunley to a design by architects Fitzroy Robinson

In Bahrain, Taylor Woodrow International is building a 350-bedroom hotel for the Sheraton group, for a total cost of around $82m. Cementation International, the overseas arm of the Trafalgar House subsidiary has a $21m contract for concrete piles on the Gulf Hotel scheme and Higgs and Hill has two contracts, one of $6m for an 18-storey office building and the other of $6.5m for a low-rise complex with shops, hotel and offices.

But those most closely connected with Bahrain agree that the construction boom is over, at least until work begins on the proposed Bahrain-Saudi Arabia causeway, a 15-mile four lane expressway connecting island with mainland over a series of embankments and bridges.

The cost of this huge project has been estimated at $800m, but with rapidly rising construction costs it could total $900m to $950m by the time it is started. If it is carried out, and while the Saudis have a firm commitment to the scheme, there is some opposition, there will be several spin-off opportunities like more hotels, week-end housing for mainlanders, and shopping, and the Bahrain construction boom could be on again.

The huge amount of construction in Bahrain over the past three years led two firms of British estate agents to set up there. Debenham Tewson and Chinnocks was first with Cluttons following later. These two have now been appointed as letting agents for two of the most prestigious developments in Bahrain. Debenham is the letting and management agent for the 18-storey office building constructed by Higgs and Hill, known as the Bahrain Tower and containing some 95,000 sq ft of space.

Cluttons' scheme is the mixed office, residential and shops complex known as the Manama Centre. The offices appear to be letting well and tenants such as Gulf Air, KLM, Kuwait Airways and Grindlays Bank have leased space. Lettings on the apartments seem to have been far slower and the rents were lowered recently.

In Kuwait, development is going ahead at a fast rate and hardly a day goes by without news of some huge new scheme. Recently, the Salhai Real Estate group raised a $37m. floating rate loan for the construction of the Merrdien Hotel and Salhai Commercial Centre. The hotel will have 336 rooms and the commercial centre some 300,000 sq ft of space including a five-storey office block.

The Kuwaiti government will soon invite preliminary proposals for a 670 acre residential development between Kuwait City and Al-Ahmadi. The project, to be known as the Fintas Centre, will house an eventual population of 87,000 and will include 1,920 homes, a 200-room hotel and exhibition centre plus some 150,000 sq ft of community facilities.

Showpiece

Kuwait International Airport is the showpiece of Middle East airports and it is hard to believe that it is less than a generation ago that Kuwait's control tower, with ground-to-air radio housed in a tent, was erected. Clearly the new complex with its 300,000 sq ft terminal buildings will attract a great deal of peripheral development along the approach roads to the airport.

Saudi Arabia was once described as one vast building site. Everywhere you looked building works were going on and present developments are worth around $15bn.

The largest is the joint scheme between Mitsubishi and Saudi Arabian Basic Industries for a chemical complex at Jubayl where some $1.5bn is being invested. Kier International is carrying out the largest contract among UK builders with its $58.5m water and sewerage treatment plants operations.

A joint team of Laing and Wimpey is building the new $39m airport extension at Abha and Costain International is constructing a container terminal worth some $20.6m at Jiddah.

Within the United Arab Emirates, UK contractors are very active with Wimpey a member of a consortium carrying out the development of a $500m aluminium smelting plant in Jabal Ali. Also at Jabal Ali, Taylor Woodrow is constructing a port in a contract worth around $102m. Cementation in conjunction with Galadair are building a hotel complex worth $88.4m at Dubai.

Tarmac in partnership with Ghurair of Dubai are developing a $68.8m shopping and residential complex at Dubai and the same team are also developing a shopping and residential complex worth $61.2m at Deira.

Bernard Sunley has contracts to a value of £180m currently under construction in the Gulf States. It has recently completed the construction of the 15-storey glass-clad Bank at Abu Dhabi for the Bank of Credit and Commerce International. The building is situated on the Dhabi Corniche and is considered to be one of the finest commercial buildings in the state. The firm is building another glass-clad building for the same client in Dubai, on the Deira side of the Dubai Creek; the architects for both buildings are Fitzroy Robinson and Partners.

Many of the development carried out by British construction groups are in partnership with either another UK builder or a local company. The reason for this apparent reluctance to take on the massive projects on their own is the requirement of a performance bond. At 10 per cent of contract value British contractors have preferred to spread their risks rather than tie up vast sums in one single contract.

It is clear that British contractors are facing considerable competition from other international groups and that the competition is likely to become fiercer in the future, there may also be a reluctance among Arabs to employ them because it is claimed that they fail to send top men to supervise contracts.

Conditions

Arab authorities also find that the British place far more importance on the contract conditions than others such as the French. But because the French construction industry is owned largely by the banks who are in turn state owned, French contractors probably believe that any problems can be sorted out at the end of the contract at government level.

There is also competition which all other contractors are facing from South Korea. The South Koreans keep costs down by shipping huge amounts of low cost labour to cope with even the largest contracts. This problem is one which is difficult to overcome. It is estimated that the South Koreans have current contracts worth at least $2bn in the Middle East. Most international contractors hope that the improved South Korean construction industry will increase its opportunities both at home and abroad and that it will then no longer be able to count on low labour costs for its competitiveness.

Rory Ferguson

MEXICO

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put to feed an increasing population. The British Industrial Exhibition in Mexico City in November will be aimed at promoting in Mexico badly needed capital equipment (such as steel plants, petrochemical plants and textile machines), agricultural equipment (such as fertiliser plants), as well as financial and consultancy services.

Undoubtedly, the Mexican oil industry (Pemex) will play a crucial role in the development of the country. Production by 1982 is expected to be 2.25m barrels a day, nearly half of which is to be exported. A gas pipeline is now under construction from the oil-rich state of Tabasco in the east, to the border with the U.S. The World Bank is also assisting in the future development of Mexico, with increasing emphasis on the environmental impact of project requirements.

In the north-west, a large portion of capital investment is used to provide commercial farming in the states of Sonora, Sinaloa and Guanajuato. The Government, under the slogan "the amigo country" is also committed to a major programme to find and develop new tourist resorts. At present, the U.S. provides some 90 per cent of the visitors to Mexico's tourist facilities, including the new Cancún in the Caribbean State of Quintana Roo, Matatlán and Ixtapa on the Pacific side and the world famous Acapulco, in the State of Guerrero—ironically one of the poorest states in Mexico.

To deal with the plethora of economic, social and environmental problems of such rapid development, the President has created the Secretariate of Human Settlements as an extension of the Public Works Ministry. This essentially new Ministry's tasks also include the assessment of environmental impact of Mexico's massive development commitment.

Under the new 1976 law, the Government requires all states to prepare their own plans for three levels of development, state, city and conurbation. Because the 1917 Constitution defines each state as being autonomous it is likely that in time most of the planners now being trained at the new Ministry will be fully utilised by the states which lack this capability, to develop their plans for submission later to the Federal Government.

This is a momentous task and one which the Secretary of Human Settlements, Mr. Pedro Ramirez Vazquez and his Under-Secretary, Dr. Gregorio Valner Onjas, are tackling with strong conviction, emphasising the need for clear and practical solutions, in a country where planning on this extensive scale is a relatively new phenomenon.

There are many contrasting urban environmental problems to be tackled—not only the heavy concentration of people and production in Mexico City, but also in the social needs of towns such as Tijuana, on the border with the U.S., and Villahermossa in the oil rich State of Tabasco and in the development of towns such as Mazatlán in the agricultural State of Sinaloa, as well as the traditionally rich cities, such as the charming Guanajuato, with its deep historic and architectural significance.

Jim Antoniou

AUSTRALIA

Chronic surfeit of space

THE AUSTRALIAN property market suffers from a chronic surfeit of space, a legacy of the boom and bust days of the early 1970s. Opinion varies markedly about the severity of the situation, but even the most optimistic of the surveys from interested groups suggests that it will be 1983-84 at the earliest before the market stabilises. Supply varies considerably in the major metropolitan cities. Oversupply is greatest in the largest city, Sydney, followed by Melbourne. But, in the West Australian capital of Perth the proposed A$2.5bn to A$3bn liquefied natural gas project based on the offshore gas discoveries on the North West Coastal Shelf is resulting in an influx of professional groups hoping to participate, and boosting the demand for office accommodation. A recent survey suggested at least one major office building should be started in Perth this year if shortages of space were to be avoided by 1981-82.

The survey suggested that Perth needed between 100,000 and 250,000 sq ft of space a year for the next four years to avoid shortages. Until recently there had been a surplus of about 1m sq ft.

In Sydney, the position is much more severe. The most optimistic outlook was put out recently by the Building Owners and Managers Association of Australia, which showed that the amount of "true surplus" vacant office space was "very substantially less than some of the figures which have been bandied around over recent months." The BOMA survey came up with a figure of 359,147 sq metres, or more than 3.8m sq ft, of vacant lettable office space as at October 1977. BOMA asserts that a pool of vacant office space or "stock on the shelf" is necessary to promote a stable leasing market, and that this is a factor which is usually overlooked in surveys of the surplus office space position. The Association said this vacancy factor fluctuated in a range from 2 to 7 per cent, with 5 per cent regarded as a norm. It is only when the supply moves outside either end of this spectrum, that the situation could be described as one of shortage or surplus. The current vacancy factor is 18 per cent.

BOMA determined the total amount of new and old privately-owned office space in the Sydney central business district at 1.99m sq metres (21.4m sq ft) of which the 5 per cent stock on the shelf would represent 99,406 sq metres or 1.07m sq ft. The actual surplus of office space therefore came out at just under 260,000 sq metres or 2.8m sq ft. However, there was also a further 230,632 sq metres (2.5m sq ft) of office space under construction all of which should be completed by 1980. The survey did not take into account sites where development approvals had been obtained but work had not yet started. In practice many such development projects have been deferred because of oversupply, and because rents available have not risen to keep pace with the rapid escalation in recent years of construction costs. The total net surplus office space between now and the early 1980s in Sydney was therefore about 478,839 sq metres (5.15m sq ft).

This is being steadily absorbed at the rate of about 70,000 square metres a year which suggests that at the present rate of consumption the market should stabilise around 1983-84. Actual total leasing of office space in Sydney is close to 150,000 square metres, or more than double the consumption figure. The reason is switching by tenants into new, more modern accommodation, often with the added inducement of attractive specials, such as rent-free space for up to 12 months, outfitting costs at landlords' expense, deferred rent reviews and payment of transfer costs. In some cases new prestige buildings have been able to attract tenants at high rents, but the space vacated becomes hard to re-lease. BOMA believes that the present "excessive flow" from secondary accommodation to the new, more prestigious buildings will slow down in the next two or three years. The Association also feels that, since the detailed planning and construction time of a building takes from four to six years, activity in the architectural and consulting fields should noticeably increase from early 1980 onwards.

Error

"Previous forecasters of vacant office space have fallen into the error of assuming that every project with council approval and those not even to that stage will proceed. There has been no due allowance made in these surveys for delays, which is a crucial factor in an intelligent assessment of the oversupply problem," asserted BOMA.

Since then, however, no other than the Sydney City Council itself has released a survey which comes up with a much higher figure than BOMA. The Council estimates the amount of vacant office space in the Sydney CBD in 1976 at 746,619 square metres, which on the annual consumption rate would take a decade to absorb. However, the Council's estimate takes in space which BOMA would not have considered lettable, including some buildings constructed last century. Just over 44 per cent of the Council's estimate of vacant space, 330,000 square metres, was in buildings erected since 1970. In 1971 only 13 per cent of vacancies occurred in buildings less than ten years old. The Council said that in 1976 18 per cent, or more than 929,000 square metres of the CBD lay vacant compared with only 5 per cent in 1971.

Vacant floor space rose by 350 per cent during the five year period, with the increase of close to 700,000 empty sq. metres approximating 86 per cent of the total increase in the floor area. Twenty-three per cent of the city's office space was vacant during the time of the survey. The Council described the big increase as "most significant and worrying." It meant a loss of vitality to the city and a reduction in its revenue base. The Council also maintained the vacant space situation would greatly exceed demand for years to come and would lead to premature obsolescence of older buildings in the CBD.

The fingers most badly burnt in the collapse of the property boom were those of major finance companies, backed by local or overseas banks. Several of the largest financiers jumped into property during the heady years, bankrolling ambitious entrepreneurs and in some cases entering directly into property development. The bubble burst late in 1974 when the building and property group, Mainline Corporation, collapsed to be followed almost immediately by property developer-cum-financier, Cambridge Credit Corporation. During the boom, financiers were prepared to advance almost 100 per cent of ventures brought to them by entrepreneurs. As the boom gathered steam the value of this land rose and the financiers would make further advances on the basis of the increased land value.

The result of this boom mentality was that when the crashes came the financiers found themselves locked into loans which in many cases exceeded the value of the land put up as security and with the developers unable to meet their repayment schedule. The finance companies were forced to carry these loans on a non-interest accrual basis rather than force wholesale collapses and risk undermining the confidence of public investors on whom they relied for the main source of their funds for lending.

The U.S. banking giant, Citicorp, for example, had to pump A$150m into its Australian finance offshoot, IAC (Holdings) late in 1974 to prevent its collapse. The group is now recovering, but Citicorp in the interim was forced to lift its equity stake from 40 per cent to 50 per cent, and then in 1977 to acquire total ownership.

The financiers originally hoped the property market would eventually recover and they could avoid facing heavy write-downs.

However, early in 1977 the financiers finally bit on the bullet and announced heavy losses accompanied by accelerated programmes to dispose of their property interests.

IAC, for example, in March reported a group loss of A$51.5m for 1977 after providing A$45.8m for possible real estate losses. The total provision for real estate losses is now A$58m.

Of IAC's A$347m remaining in real estate loans, as much as A$83m are still on a non-accrual basis for interest payments. But, the group's involvement in real estate is now down to 30 per cent of total receivables compared with a peak of 48 per cent in 1975. The write-downs are however, now enabling IAC to move some of its problem property investments and the group is expecting to almost break even in 1978.

CAGA has written off more than A$35m on property in the past two years.

Loans

Almost A$90m of the A$223m in property loans are still on a non-accrual basis but property as a percentage of total receivables has been reduced from a peak of 50 per cent in mid-1975 to 30 per cent at December 1977.

Other finance companies have had similar disastrous experiences, relative to their size, in property and are moving into other areas of business such as hire purchase and leasing.

The life offices—Australia's major investors—are also expecting property investment to play a declining role in their total investment portfolios.

The largest of the life offices, the AMP Society, invested A$598m in 1977 compared with A$510m in 1976. But the amount going into property dipped from A$131m to A$117m.

The life offices are also looking to natural resources development as a major source of investment opportunities over the next few years.

Local finance companies and property developers were not the only casualties of the property boom and bust. UK property companies were quick to move in as the boom gathered steam. Many have now substantially curtailed their Australian operations, or quit the scene, in some cases with burnt fingers. The most spectacular example is the Abbey Capital Group, the property offshoot of the troubled Crown Agents. Abbey ran up losses of A$70m in 1976 and has embarked on a 10-year rationalisation programme aimed at disposing of its A$250m Australian property portfolio. In recent months more than A$50m of property has been sold.

Many in the industry believe that the rush by foreign property groups to participate in the boom, and the often indiscriminate purchases, brought on much of the excesses.

The investment manager of the AMP, Mr. Alan Coates, recently put forward some views on the past, and the future for property. He said: "For many reasons we shall not see a return to the level of activity which characterised the 1960s and early 1970s, but I would stress that until the arrival of the many offshore property developers there was not excess creation of rental space in this country.

"I believe that those who felt that there were easy conquests in the Colonies have learnt their lesson and in future development will be substantially in keeping with demand—a demand that is as legitimate as demand in any other sector.

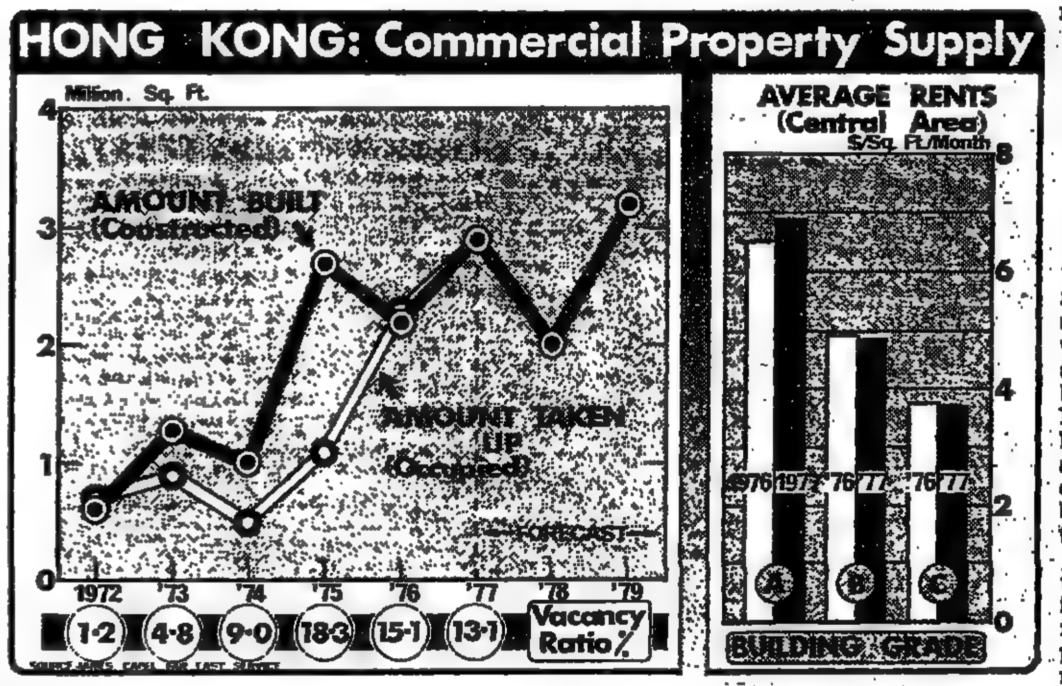
"The very nature of life office and pension fund business makes real estate an ideal outlet for funds and the sooner this fact is fully acknowledged the better. The changing nature of employment with something approaching 70 per cent of the workforce in the tertiary sector dictates that there will be growth in commercial accommodation needs of all kinds."

James Forth

HONG KONG

Construction records

THE START of construction on the 64-storey Hopewell Centre, billed as the tallest building in South-East Asia, is a powerful symbol of the strength of Hong Kong's property market. Contractors poured concrete for the first stage of the cylindrical tower at the end of May and the 810,000 sq ft gross floor area is expected to generate a capital value of between HK$500m and HK$600m on completion of the building next year.



The 2.9m sq ft of office accommodation completed in 1977 was a new record, topping the 2.7m sq ft completed in 1975. But large schemes are still going ahead and the forecast by the Government's Rating and Valuation Department is that yet another record —over 3m sq ft—could be set in 1979.

The abundant supply has kept rentals down, helped improve standards and accelerated the trend for companies to save money by ignoring the prestige to be gained by a central district site. Central rents are being sustained and the area will continue to dominate the upper end of the market as there is a rump of companies which will always want to be there. But Causeway Bay and Wanchai, the latter once famous as the Suzie Wong district in the days of rest and recreation for American servicemen, is now firmly established as a secondary area with rents fetching from HK$3 to HK$6 per sq ft (compared with HK$6 to HK$10 per sq ft in Central).

A number of companies are buying offices in order to avoid possible rent escalation and uncertainty, and even more are using the present situation to find new locations which offer a more efficient use of space than their existing premises. Alan Hill of Jones Lang Wootton believes that in the early 1980s there will be a complete reshuffle of office users into more efficient buildings, many of which are now under construction. There is a particular demand for offices offering a large area on a single floor.

Users have a choice at the moment: they can stay out of the market in the belief that rents will become more competitive, or they can strike a deal with a developer on a proposed new building and sit back and wait for it to be ready.

A record supply was also achieved in flatted factories last year with almost 9m sq ft, 1.3m sq ft above the previous high, and, again, for 1979 the Rating and Valuation Department's forecast is for another record of completions, what the Department itself describes as "a staggering 13m sq ft," with a continuing large supply expected in 1980.

This is helping to counterbalance the years of excess demand from 1972 to 1976. Sun Hung Kai Securities' April 1978 property industry study shows that Hong Kong Island had the lowest vacancy-supply ratio at the end of 1976 while in the New Territories, with a 36 per cent share of total supply in 1976 and accounting for only 30 per cent vacancies, the uptake was described as enthusiastic. The vacancy-supply ratio was highest in Kowloon, though the study points out that the situation could change, affected by factors such as the underground railway currently under construction.

Frequency

The railway is beginning to enter the industry's prognostications with increasing frequency, both by its indirect transport effects (which, for instance, will accentuate the shift of offices into Wanchai) and also by its own property development plans. There was a great deal of resentment about the participation of a Government-controlled body in the property industry when these plans were unveiled, but the Mass Transport Corporation has carried on regardless, and says the capital received from property development will make a "substantial contribution" to costs. Some of these schemes are massive: a 24-storey block on the old general post office estate in Central, 50 per cent pre-sold even before the plans were approved; 950,000 sq ft of lettable space on the Admiralty site (again pulling development eastwards away from Central) and an entire township on a 25 acre site over the main depot at Kowloon Bay.

Average rents in the last quarter of last year were below that for the whole year, so the peak may have been passed. This suggests that rents will be under strong pressure this year. At the same time, however, prices being paid for industrial land are hitting new highs. With land and building costs running at about HK$200 a sq ft and factory selling prices at about HK$160 there is clearly a strong element of "hope value" in the situation.

For experienced developers, with plenty of cash in hand from profits made in recent years, the problem may be temporary. They can afford to replenish their land holdings even at present high prices, and to wait for demand and supply to approach equilibrium, which at present rates of up-take could be in about two years. A considerable amount of upward movement in quality is taking place, pushed by the recent spate of legislation to improve working conditions. But some newcomers to the game who are developers of buildings with inadequate specifications may find themselves in difficulties.

In an export-led economy like Hong Kong's, the entire property market reflects overall economic conditions, but the industrial sector is particularly sensitive. For that reason, the Sun Hung Kai report painted a cautious picture: "In view of the gloomy outlook on the world economy and the growing protectionism that existed in many industrialised nations, a gradual slowdown of our manufacturing activities in 1978 seems inevitable. Coupled with the coming on stream of an all-time high of 12m sq ft of flatted factory space in 1978, excess supply in certain floor-sizes and locations should be expected and this oversupply condition is likely to persist for a few years to come."

In the early 1980s the effects of the approaching expiry of the lease on the New Territories will begin to play an increasingly important factor. The general feeling is that a formula will be found, since one is wanted by both London and Peking, and that there is no point in worrying yet—though a couple of large companies are known to have briefed real estate agents to omit the New Territories when looking for possible factory sites.

Record prices have also been paid recently for non-industrial land, but there have been differing forecasts for the residential sector. Demand for expatriate accommodation is still very strong, challenged only by increasing resistance from company managements to allowing the rent spiral to continue. Two years ago $HK 5,000 a month was considered a reasonable level. Now a rent double that raises few eyebrows.

But a disenchantment with some of the traditional areas on Hong Kong Island, partly because of deteriorating traffic conditions, is shifting attention to Kowloon and the New Territories. If an old 2,500 sq ft flat in Pokfluam costs $HK 6,500 it is worth considering a three-bedroomed house with a swimming pool on the other side of the water for the same money.

Symptomatic of the trend is the establishment by Jones Lang Wootton of a residential department in its Kowloon office six months ago, to take account of a general awakening to the fact that high-rise blocks are not the only accommodation available in the Colony.

Rent and purchases price rises have been fuelled by a strong speculative element, which a number of developers are trying to combat by use of a ballot system. Other less scrupulous developers are causing headaches with dishonest or inaccurate descriptions of planned developments and pressure has been building up for legislation to protect buyers.

The boom has been fuelled by the banks, which have been falling over themselves to provide mortgages. The youth of the population and the increase in marriages (an almost 50 per cent increase in the annual number of weddings from the 27,358 in 1972) ensures a steady demand. With the continuing rise in construction costs as a result of the extraordinarily large number of major construction projects currently under way, and high land prices, a slowdown in residential building is more likely to occur than reductions in rents and purchase prices.

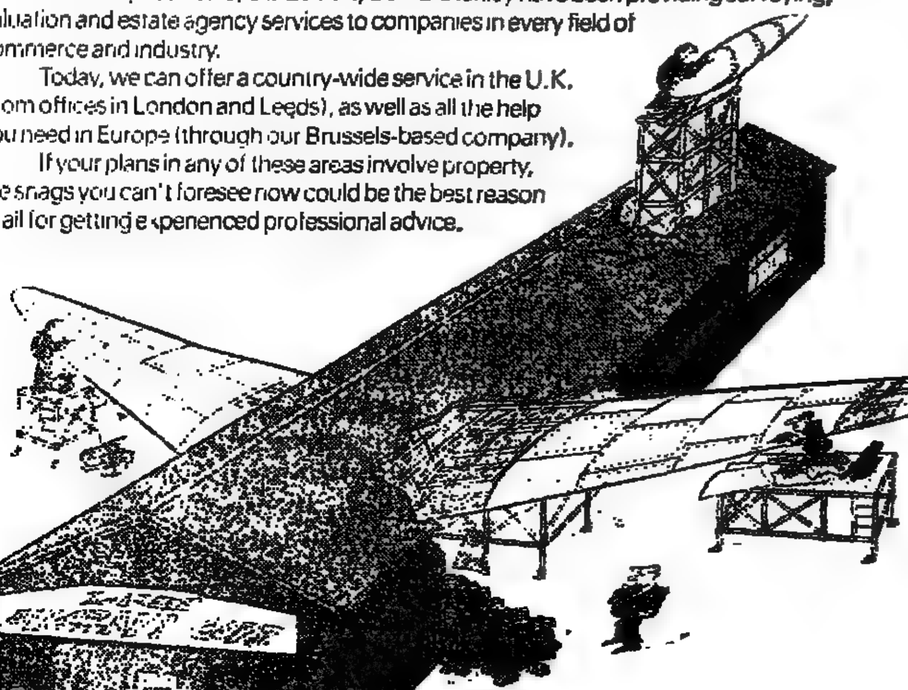
Bustling

To keep prices down, flats—apart from those at the upper end of the market—are becoming smaller. Of the 16,550 small flats completed last year almost 85 per cent had an area of less than 651 sq ft and nearly half of these were in the 325 to 425 sq ft range.

This bustling market place is very much a preserve of local companies, partly because there is abundant local expertise, partly because a considerable amount of capital is available locally and partly because of the magnitude of the sums required for worthwhile developments in Hong Kong. A certain amount of overseas mortgage money is coming in, but nothing of the scale on which British property interests got into Europe. Certainly, the cash flows from places like Singapore, Indonesia and Malaysia are nowhere near large enough to affect prices or the level of activity.

There is, however, a limited amount of outward-looking interest as Hong Kong investors, ever cautious about putting all their eggs in one basket, look abroad, notably, at the moment, to the West Coast of the United States.

Danny Nelson



TREND TOWARDS UNIONS MERGERS • BY ALAN PIKE

Why small isn't beautiful

MR. DAVID BASNETT, this year's chairman of the TUC, agreed enthusiastically in a recent television interview that big is beautiful.

The question was provoked not by Mr. Basnett's own commanding physical stature but by the size of his General and Municipal Workers Union which he hoped, was poised to grow by another 130,000 members with the incorporation of the Amalgamated Society of Boilermakers.

Unfortunately for Mr. Basnett delegates to the Boilermakers' conference did not relish the idea of their 144-year-old craft aristocracy being absorbed by the rather less exclusive GMWU and the plan has suffered a serious, possibly fatal, setback.

Nonetheless the subject of amalgamation is very much in the hearts and minds of the trade union movement at the moment. Recent developments include talks between two giants of the TUC—the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union—which would, if successful, make a big impact on the political structure of the Labour movement.

Although it is generally agreed that there are still too many unions in Britain the trend towards mergers is not new, as is testified by the full name of one of the participants in the present discussions—the Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers.

There is therefore nothing unusual in one union having tentative amalgamation talks with another and equally there is nothing unusual in such talks coming to nothing. At the moment, however, there are several factors giving a more than usually positive edge to some of the discussions taking place. Technological change in industry and inflation have combined to make smaller unions uncertain about the future. The mass of labour relations legislation of recent years has increased the number of specialist services which unions have to offer their members. And the rising corporate role of the TUC has led some trade union leaders to the conclusion that the doors of greatest influence are opened to those who command the most votes at the TUC Congress.

Traditions

Trade union amalgamations involve the submerging and compromising of long historical traditions to at least as great an extent as when old-established companies merge, and they are seldom easily accomplished. Agreement among union leaders that a merger would be a good thing is of little value if their members have always had conflicting interests at local level.

The logic of amalgamations is, perhaps, most easily understood when unions representing different grades of employee in a single industry discuss the advantages of coming together —the thinking behind the current talks to create a single union for the printing industry. Discussions in this industry have not been without their difficulties: the original timetable has already been extended and the severe demarcation disputes for which the industry is notorious, plus the unsuccessful outcome of previous amalgamation attempts, do not guarantee a successful conclusion. On the other hand a common challenge (some regard it as "the enemy") in the shape of huge technological changes, and the strong personal belief of the print union leaders in the need to create one union for the industry, hold out some hope.

Matters become more complicated when, rather than two or three single industry unions coming together as equals, a big union is seeking to attract a smaller organisation in an area of common interest. Here the issue is inevitably seen as a takeover rather than an amalgamation in the pure sense of the word and two or three large unions can sometimes be competing to woo a particularly nubile partner.

The Boilermakers is such an example. It would be difficult to exaggerate the sense of horror with which leaders of the Amalgamated Union of Engineering Workers learned a year ago that this prestige craft union, which they had long seen as a natural ally, was talking to Mr. Basnett at the GMWU. Six years ago the AUEW's dream of creating one union for the engineering industry suffered a serious blow when the largely unskilled Transport and General Workers Union beat it to a merger with the National Union of Vehicle Builders. Loss of the Boilermakers to another general workers union would shatter for ever the ideal of one engineering union.

Mr. Hugh Scanlon and his colleagues at the AUEW have been spared humiliation, at least temporarily, by the delegates to the Boilermakers conference. In spite of impressive efforts by the Boilermakers' executive to convince their members that the widely held view of the GMWU as no more than a union for unskilled public sector workers was "hopelessly inaccurate and outdated" the conference called off amalgamation talks largely for this reason. While the full-time Boilermakers' executive, who might be thought to have the most to lose in terms of independence, unanimously recommended continuation of the merger talks the craft jealousies of delegates proved too strong—vividly summed up in one motion describing the GMWU as predominantly representing "gas workers, dustbin men, road sweepers and other local council workers."

Many Boilermakers members, particularly left-wingers, would prefer an amalgamation with the AUEW, and the engineering union renewed its approaches only days after the conference decision. This does not, however, appeal to the Boilermakers' executive which dislikes both the unsatisfactory state of the existing AUEW and the sharply divided politics of the union.

The executive also believes that it is unhealthy for democracy in the trade union and Labour movement "for too much power to reside in the hands of too few giant combinations," a tendency which an amalgamation with the AUEW would encourage. It is therefore possible that the Boilermakers' leaders will test the GMWU amalgamation proposal in a ballot of their whole membership before abandoning the idea.

What makes an old-established and industrially powerful union like the Boilermakers contemplate amalgamation at all? It is not that unions of the Boilermakers' size—or smaller—are necessarily unviable, but it becomes increasingly expensive and difficult for them to provide the facilities for research, shop steward training, specialist officials and other back-up services which the bigger unions offer. As the Boilermakers' executive said in a document explaining its decision to seek amalgamation, "trade union power and influence can now be brought to bear on decision-making at plant, company, regional and national level on industrial planning in a way never before possible."

It would be possible, said the executive, to remain aloof from these developments and continue to rely exclusively on the union's strength and intelligence at the bargaining table, but to do this at a time when other unions were "forging ahead in exploiting the new opportunities" would not be the best way to serve the membership.

The question of what happens after an amalgamation depends very much upon the parent union's structure. A merger sometimes involves a change of name and adoption of a different form of organisation: the Boilermakers and GMWU were thinking of a completely new union with some clear departures from existing GMWU organisation.

Officials

Unions which have gone into the Transport and General Workers Union tend to become quickly absorbed into that giant union's structure and some officials of absorbed organisations today hold high office in the TGWU. So much does the TGWU appear a single entity that it is sometimes forgotten that it was born out of amalgamation in 1922 and has since increased in size in the same way.

Organisations as varied as the Vehicle Builders, the Scottish Commercial Motormen, the Watermen, Lightermen, Tugmen and Bargemen, the Union of Bookmakers Employees and others have all entered the TGWU in recent years.

In complete contrast is the style of amalgamation which in the early 1970s brought about the AUEW. The unions which now form its engineering, foundry, construction and TASS (white collar) sections came together under a loose, federal structure with their leaders committed to achieving a common rule book and organisation after the initial amalgamation. This has proved beyond their capabilities. Years of discussion on a common rule book, methods of selecting officials and the size of policy conferences have become infected by deepening political differences.

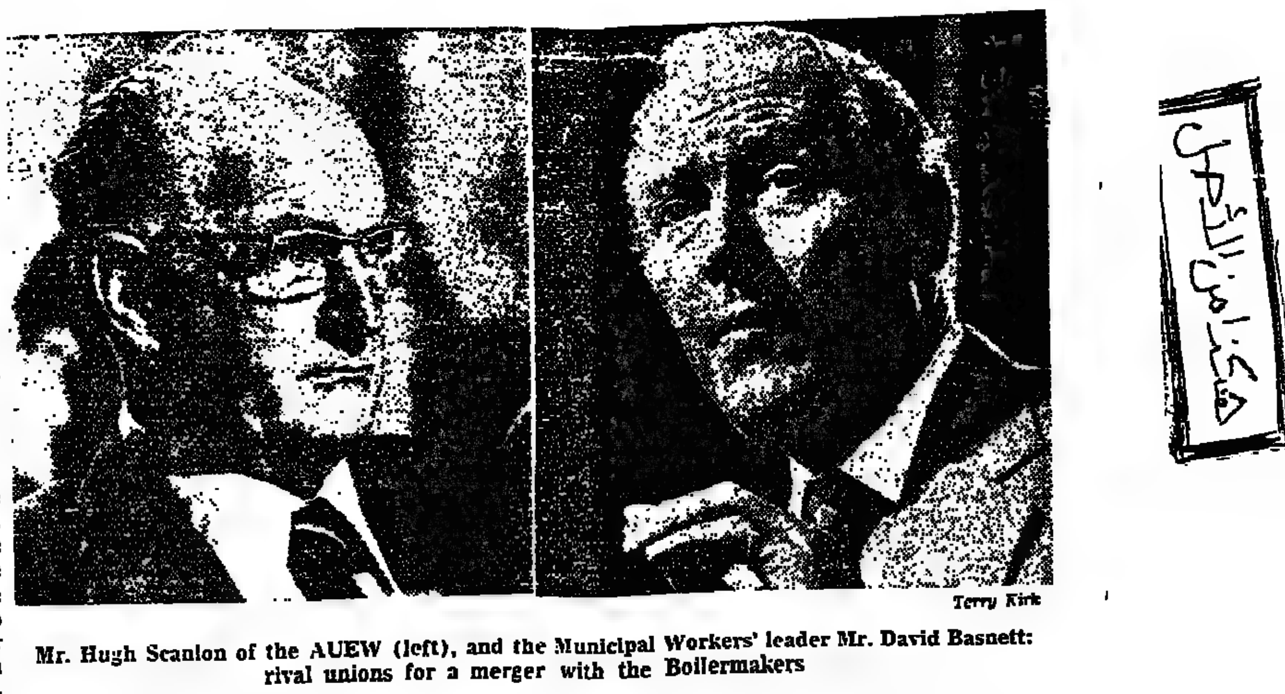
With the existing amalgamation in this precarious state the AUEW engineering section last year sent out a general "come and join us" call to all other unions in the engineering industry. Doubters wondered whether, with the problems of the four sections so publicly on display, the exercise would prove worth the cost of the postage. In fact the AUEW has been rewarded with what is potentially the most important amalgamation development of recent years.

Mr. Frank Chapple's Electrical and Plumbing Trades Union responded quickly and began talks with the AUEW. It was not the first time that these two unions had looked at the idea of partnership though the two unions had previously failed to reach an agreement. The message this time, however, is that the talks are going well. Hurdles are plentiful. The AUEW is organised geographically and the EPTU industrially, the former union is devoted to the periodic re-election of officials, both have quite different decision-making conferences and the EPTU has a ban on Communist officials while the AUEW's TASS section is led by one.

Gradually, though, the obstacles are being overcome and the chances of success are stimulated by the election of Mr. Terry Duffy, a staunch believer in the EPTU merger, to the AUEW presidency. For his part Mr. Chapple thinks such an amalgamation would be important in producing a counterbalance to the power of the TGWU, which has more than 2m members and is still growing. Mr. Duffy, Mr Chapple and Mr. John Boyd—the AUEW's general secretary—hold similar political beliefs to the Right of the trade union movement, and a 2m strong union led by such men would be a tremendous force throughout Labour politics.

The potential implications of the birth of such a creature have not gone unnoticed in the existing AUEW. Mr. Ken Gill, Communist general secretary of TASS and his colleagues are, to put it mildly, of a different political persuasion to Mr. Chapple. To make the EPTU merger feasible the AUEW has to overcome its existing amalgamation difficulties and the absorption of TASS and its elected officials is at the centre of these. No one is going to give ground easily.

At its recent conference TASS accepted the use of the 1964 Trade Union Amalgamations Act to try to overcome some of the barriers to a complete merger with the engineering section, but—worried about possible future constitutional changes to accommodate the EPTU—insisted that the law must never again be used to alter union rules. It looks increasingly likely that the complicated problems of the AUEW's unconsummated marriage will end up before the law but at this stage the parties are uncertain whether they are on their way to the registry office or the divorce court.



Terry Kirk

Mr. Hugh Scanlon of the AUEW (left), and the Municipal Workers' leader Mr. David Basnett: rival unions for a merger with the Boilermakers

Letters to the Editor

Budgeting in the EEC

From Michael Shaw, MP

Sir,—I agree with your leading article's strictures on the Council of Ministers' negative attitude towards the Community Budget (May 26) but I would not wish your readers to gain the impression that the forthcoming budget procedures are a matter between the Council and the Commission.

In fact, now that the Commission has presented the Preliminary Draft Budget for 1979, its official role has ended, although its important consultative role will continue. The determination of the 1979 Budget is now in the hands of the two budgetary authorities, the European Parliament and the Council, each institution dealing with the Budget in two readings.

A booklet of mine, to be published next month, describes the respective roles in practice of the Parliament and the Council. Here I would just record that the Parliament has consistently adopted a far more Community-minded attitude than the Council. Indeed, I would say that the Council indulges in its irrational, piecemeal cuts partly because it has come to rely on the Parliament subsequently adopting a more reasonable attitude. Given the tightly-drawn nature of the 1979 Preliminary Draft Budget, it will be essential for the Council to adopt a Community-minded approach from the outset this year, if progress is to be maintained in developing the Community Budget as an instrument of policy.

Michael Shaw.
House of Commons, SW1.

Capital value rating

From Mr. Roland Freeman.

Sir,—The Government's commitment in principle to capital value rating had not escaped my notice as Brian Hill suggests (May 31) but, as he admits, it will be non-operative until "the political climate is more opportune." What matters is that the next revaluation, due in 1982 after two postponements, will now be based on hypothetical rental values for domestic properties in spite of unanimous professional and local government advice to the contrary.

Even if a future Parliament plucked up the courage to make a change, the first revaluation using capital values would not, assuming the customary postponements, occur until the 1990s. I doubt if domestic rating would survive, as a local tax if it remains unreformed for as long as that.

Roland Freeman.
Member of the Greater London Council for Finchley.
Members' Lobby,
County Hall, SE1.

Life policies as investments

From Mr. D. M. King

Sir,—Most of us agree broadly, no doubt, with the views about life assurance given by Mr. R. Parvin on May 30, 1978.

The lacuna, however, lies in the suggestion that long term contracts represent the best value. They may be the best value in life assurance contracts but they are not, very possibly, the best value in investment terms. Unless one drops dead prematurely—hardly a popular option.

These are the annual yield per cent figures on monthly premiums (ignoring tax relief) paid to a leading life company on Ordinary Branch endowment contracts maturing this year:

Young man at entry		Middle-aged man at entry	
10 yrs	5.44	10 yrs	4.85
15 yrs	6.42	15 yrs	5.84
35 yrs	5.36	25 yrs	6.20

It may be that (say) 5.44 per cent is a good average yield over the last ten years. But one wonders; after all, the death risk is almost nil. More obviously, 5.36 per cent seems fair over the last 35 years. Even allowing for tax relief on the premiums, the figures hardly suggest life assurance as a "must" for investors, particularly when the inflexibility aspect is included.

A cynic might say that these sort of yields are the reason why life assurance people so rarely mention them. Let me say that I am a great believer in life assurance, but I believe that most buyers are motivated by the simple thrift, rather than investment concept.

D. M. King.
87, Bargery Road, SE6.

Chartered directors

From Mr. Clifford Jackson

Sir,—To practise as an engineer or an accountant you need to be chartered, and as a marketing or personnel manager to have a diploma. To become chartered you need to satisfy a board of examiners that you have sufficient professional knowledge, enough experience to apply that knowledge beneficially and are a suitable person to practise.

Yet these skills (vital though they are) are of far less importance to the success of a company —and hence of British industry —than the quality of the board which decides its policies, monitors their execution and oversees these specialists.

Why is it that directorships are left wide open to sons-of-fathers, retired admirals and others who have little training or experience of economic trends, customer requirements, cost effective production, and the modern practice of consultation and good industrial relations?

Mr. Hildreth of the Institute of Directors has pointed out that the White Paper "disregards the need for quality in our directors. If we want prosperity and if we want full employment, our business enterprises must be led by boardroom teams competent to direct their companies' resources and the activities of their fellow workers." He goes on to say that "the White Paper proposes a method of selection for directors which takes no account of their ability to do their job."

When is the Institute or the CBI going to give a lead in specifying "quality requirements" for directors, and evolving a means of assessing them and awarding an appropriate accolade?

Clifford Jackson.
25, Old Burlington Street, W1.

Engineers' contribution

From the President,
The Institution of Chemical Engineers

Sir,—Your Science Editor is to be congratulated on his excellent commentary (May 25) on the newly announced Government plans for assisting the development of coal processing technology. In an informative article he supports these proposals and rightly stresses the need for an early start for the development of several British processes beyond their current research stages, in order to provide for the rapidly approaching time when our North Sea oil and gas wealth runs out.

It is regrettable therefore that the article refers only to scientists, but never to engineers, as being the people principally concerned with turning these ideas into practical realities. While the chemistry of a process is of course the vital first step on the long and uncertain road to the start-up of the first full-scale commercial unit, the problems of most subsequent steps are primarily of an engineering nature. Their solution requires the collaboration of professional engineers and scientists of many disciplines, and with this type of process it is the chemical engineers in particular who play a key role.

Many chartered engineers will make important — indeed essential — contributions to this development programme. The engineering profession is subject to much current debate and there is justified anxiety at its lack of appeal to our ablest young people. No opportunity should be missed to show the value of engineering to society and how it can provide rewarding careers.

J. M. Solbett.
George E. Davis Building.
165-171, Railway Terrace, Rugby.

Micro revolution

From Mr. Richard Copley-Smith

Sir,—In his call for more government research, Professor Freeman rightly stresses the enormity of the "microprocessor revolution" (May 24).

But when an academic scientist calls for policy reviews, is there not a danger that the rest of us may be lulled into feeling that change, however, fundamental, is still a comfortable distance in the future?

It is not. American, German, French, Italian, Japanese—and some British—products already feature microprocessors. Not just in remote scientific, medical or technological applications. Nor just ephemera like hobby computers, smart door chimes or TV games. But in ordinary, everyday consumer durables such as washing machines, sewing machines, vacuum cleaners, hair dryers, power tools, ovens, lawnmowers, cars and central heating controls. Almost any product which runs on electricity or has a motor could probably be improved with a microprocessor.

The new products are coming on stream now. Nowhere was this more apparent than at the American Design Engineering Show just ended in Chicago. The main feature was a "hand-on" non-intimidating seminar about microprocessors for product designers. This was oversubscribed many times by U.S. designers anxious to learn about this new technology. Tickets were as hard to come by as Cup Final tickets in Ipswich.

In December this year, the seminar is being repeated at the Design Engineering Conference, National Exhibition Centre, Birmingham, for the benefit of British design engineers, where Chicaga seminar leader, Andrew Singer, is bringing 25 microcomputers to enable British design engineers to run their own practical experiments.

Today's initiatives are in the hands of British design and production engineers. Microprocessors are available to them now. Government R and D backing, however welcome, could already be too late for the revolution in consumer durables.

Richard Copley-Smith,
Clapp and Pollak Europe.
230-232, Acton Lane, W4.

Don't blame multinationals

From W. Grey

Sir,—With respect to Mr. F. Courtney (June 2), blaming the American multinationals for all the ills of this world, and for the plight of the developing countries in particular, is like blaming the trade unions for inflation—and then giving them no credit when inflation lessens.

It is, quite simply, to mistake the symptom — or even the doctor's helping hand—for the disease.

In fact, the growth of those multinationals has not been "financed" by—any more than it is responsible for — the "chronic surpluses" of others, but by the chronic (and now recrudescent) deficits of the Americans themselves, which have done so much to build up the Eurodollar market, on which they allegedly feed, to its present size.

The troubles of the Third World would be incomparably worse if that market, and its numerous other (including now petrodollar) varieties, had not done so much to help the developing countries and others in their present hour of need.

Nor, of course, do the multinations "get their raw materials cheaper" if those countries—whether "as an IMF condition for further aid" or, more probably, for other reasons—are "forced to devalue their currencies," seeing that most raw material prices are expressed in the multinationals' own.

W. Grey.
12, Arden Road, N3.

The PAYE puzzle

From D. B. Logdon

Sir,—Could any of your readers help me with an apparent anomaly.

Where an agent arranges work, for example for a draughtsman, he must apply PAYE to the remuneration he handles on behalf of his client.

Where the agent has barristers as his clients, the system is conveniently stood on its head so that the barristers can enjoy the benefits of Schedule D assessment, while the agent, working without a master and servant relationship or any security of employment, must subject his expenditure to scrutiny under the more rigorous Schedule E rules.

After trying for two years to get to the bottom of this with the Inland Revenue, I was eventually told from within that department that they could not understand it either, but their orders came from a higher auhority.

My attention was drawn to the high proportion of lawyers in the House of Commons. I suggested this might well be unrelated, but was reminded of the timely switch made by MPs *en bloc* from self employed to employed status when it suited them.

My cynical Inland Revenue informant suggested that MPs losing their seats in the next election might well be claiming redundancy payments.

In view of their hysteria over tax avoidance schemes, I cannot really imagine that they would exhibit such ruthless self interest as the above suggests.

D. B. Logdon.
Meredith Whittome Logdon and Co.
Bank House, King Street,
Tring, Herts.

Today's Events

GENERAL

Department of Industry publishes investment intentions of manufacturing, distributive and service industries (1978 and 1979).

United Nations special session on disarmament continues, New York.

Mr. Malcolm Fraser, Australian Prime Minister, in U.S. for trade talks.

Mr. Bruce Millan, Scottish Secretary, visits Lerwick to discuss with local officials a proposed Government amendment to the Scotland Bill which would enable him to adjudicate in any dispute between the Shetland and Orkney Islands and a Scottish Assembly.

Mr. David Ennals, Social Services Secretary, addresses Royal College of Nursing conference, Harrogate.

Mr. Merlyn Rees, Home Secretary, opens International Professional Security conference, Wembley Conference Centre.

Post Office Engineering Union conference, Blackpool.

CBI Northern Regional Council meets, Washington, Tyne and Wear.

General and Municipal Workers' Union conference, Scarborough.

Bakers, Foods and Allied Workers' conference, Bridlington.

London Chamber of Commerce trade mission continues tour of major Spanish industrial centres.

Sir Peter Vanneck, Lord Mayor of London, and his Sheriffs attend formal opening of Sessions at Central Criminal Court, E.C.4, 10.30 am.

Industrial Process Control Instrumentation and Systems Exhibition opens, U.S. Trade Center, 4, Langham Place, W.1 (until June 9).

British Hospitals Exhibition opens, Olympia (until June 8).

Decorative Products trade exhibition opens, National Exhibition Centre, Birmingham (until June 8).

COMPANY RESULTS

Anglo American Corporation of South Africa (full year). Metal Box (full year).

COMPANY MEETINGS

See Week's Financial Diary on Page 8.

EXHIBITIONS

The 62 Group (textile artists) summer exhibition, Commonwealth Institute, High Street, Kensington, W.8 (until June 18).

Anglo-Jewish silver, Victoria and Albert Museum, South Kensington, S.W.7 (until July 9).

Royal Academy summer exhibition, Burlington House, Piccadilly, W.1 (until August 13).

Josiah Wedgwood exhibition, Science Museum, South Kensington, S.W.7 (until September 24).

SPORT

Cricket: First Test (fourth day), England v Pakistan, Edgbaston. Golf: Amateur championship, Troon.

COMPANY NEWS

Turriff expects to maintain performance

A RATE of profit growth to match that achieved in 1977 is hoped for in the current year at Turriff Corporation. The overall picture for 1978 is satisfactory, and a growing proportion of profits is coming from overseas, and margins are improving, Mr. W. G. Turriff, the chairman, says.

Pre-tax profits last year rose from £0.81m to a record £1.06m on turnover down from £36.61m to £33.87m. The dividend is increased from 2.0797p to 2.3547p net per 25p share—as reported May 12.

The group entered the current year with a reasonable order book but UK activities were adversely affected by bad weather in the first quarter.

Looking beyond 1978 the chairman says it is difficult to be very optimistic about prospects in the UK. He says that apart from the difficult business climate, the weight of legislation is becoming stifling.

However, Turriff continues to strengthen its base for future expansion. A broad geographical coverage has been built up, and a good base of specialisation and experience. Its marketing effort generally has been strengthened and the group is identifying an increasing number of opportunities.

The chairman is confident that the company should be able to secure sufficient of these on terms that will enable the group to at least maintain its position.

Mr. Turiff says overseas business will continue to be difficult to secure but, with the group's ability, it should obtain its share.

Good profits were earned in construction, in 1977, with industrial and commercial construction work continuing to be the primary interest of this division. The geographical coverage has been further extended to enable the group to expand more rapidly, internationally.

A successful year was obtained in the engineering and pipeline division, in spite of exceptionally bad weather, and activities in the oil and gas areas continued to grow.

Sluggish business climate coupled with substantial preliminary expenditure incurred in Saudi Arabia, in anticipation of future work which did not materialise, resulted in mechanical services not achieving the profit able trading basis the group was hoping for.

Overall, profits overseas were below expectations. In addition to the Saudi Arabian setback, a project in Iran incurred a considerable loss, as well as setting-up difficulties in Venezuela.

In spite of these disappointments the group continued to be active in many overseas markets on a range of different projects.

During the year the group undertook a thorough review of the way it undertakes and develops its overseas activities and it was decided to combine the group's total skills and experience into a single international organisation. As a result Turriff International was established.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Martin the Newsagent, St. John D'el Rey Mining.

Finals—Anglo American Corporation of South Africa, Craig and Rose, Metal Box, William Reed, View Forth Investment Trust, Westpool Investment Trust.

FUTURE DATES

Finals—

Armitage Shanks	June 8
Associated British Foods	June 12
Great Portland Estates	June 13
Hickson and Welch	June 8
Hill Samuel	June 12
Northern Securities Trust	June 21

Ayrshire Metal sees recovery

Despite the disappointing results of the second half of 1977, Mr. W. S. Wilson, chairman of Ayrshire Metal Products, hopes that the first six months of the current year will produce a similar outcome to the first half last time when taxable earnings reached £408,000.

For the whole of 1977 profit was down from £700,590 to £671,275 on sales of £13m. (£9.68m)—as reported May 26. The net dividend is 3.5123p (3.1776p).

The reasons for the fall were threefold. Firstly an £88,000 increase in group bad debts, a £45,000 loss in Scandinavia, and considerable maintenance and site improvements carried out at Irvine which will continue during 1978.

Working capital at year end was up £217,707 (£22,930) with bank overdrafts lower at £183,239 (£316,193). Capital spending contracts amounted to £111,500 (£75,000).

Sales and profit were split as to: UK £12.65m (£9.38m) and £709,869 (£700,419) and France and Sweden £348,557 (£300,713) and loss £38,594 (profit £171).

All factories were operating at a high level of activity through most of the year though the St. Helens unit showed a drop in the second half as a result of a fall back in its traditional markets. Plans are well under way to change the market base at St. Helens, and at the same time bring about a general streamlining of its operations.

At Irvine, capacity was at full stretch throughout the year with the exception of partitions. The neew forming line at Metal Trim, Daventry, is fully operational and now making a significant contribution, but Metal Trim Scandinavia had a difficult year as a result of problems associated with obtaining necessary technical approval of the product, and the dramatic downturn of activity in this area.

OVER 95% ACCEPT ROWNTREE RIGHTS

Rowntree Mackintosh announces that acceptances have been received in respect of approximately 95.5 per cent of the 10.8m shares offered by way of rights to shareholders at 345p per share. The shares not taken up have been sold at a net premium over the issue price of approximately 58.3p per share which will be distributed in proportion among entitled shareholders. No payment will be made for any amount of less than £1.

Pace may slow at English National

Following a rise from £117,638 to £137,290 in 1977-78 pre-tax earnings of English National Investment Co., Mr. D. I. Hunter, the chairman, says income is unlikely to continue to rise as sharply in the forthcoming year, although the directors will continue their investment policy of increasing investment income wherever possible.

In his annual statement the chairman says that after substantial dividend increases in the past two years, he feels it appropriate to sound a note of caution as it is unlikely that percentage increases in earnings, and therefore dividends, will be maintained in the current year. However, the directors are hoping for a further increase over 1977-78.

At the year end, uninvested assets stood at £113,147 (£42,559) and members are told that although the directors will continue to make selective purchases as opportunities arise, it is felt appropriate to keep a modest amount of liquidity for the time being.

Mr. Hunter explains that during the year investor confidence increased as interest rates fell sharply and there was widespread optimism in the balance of payments as oil began to flow from the North Sea. The company's liquidity level was substantially reduced to participate in the market rise, but subsequently increased somewhat as a reaction to the strong upward movement seemed likely.

The chairman states that property investment must be looked at in the longer term and the directors still feel that it would not be in hte best interests of shareholders to sell the company's property portfolio, particularly as rent reviews are due on the majority of properties in the near future.

The directors consider it likely thta the sale of the company's properties now would realise a surplus on cost.

The directors believe that the cost of a full professional valuation of properties every year is not justified when there is no present intention of selling them, but as the portfolio is significant in relation to the company's size, they are considering having a full valuation for inclusion in next year's accounts.

Confidence at More O'Ferrall

THE PRESENT outlook for More O'Ferrall in Great Britain and Ireland for the rest of 1978 gives the directors cause to be confident that the year's results will show continuing improvement on the £0.94m seen last time.

In his annual statement Mr. E. R. More O'Ferrall, the chairman, says that the return of confidence which boosted demand for the company's "supersites" throughout 1977 has remained strong in the current year and the benefit of plant investment and marketing innovations is now visible. In the UK, therefore, the company is enjoying a much higher rate of sale than in former years.

The directors believe that their marketing strategies will not only allow them to achieve the maximum return from plant in the current buoyant conditions, but also give them a firmer base even if the general demand for outdoor space should slacken.

They are continuing to expand investment in France and Belgium and are finding a very encouraging response from the advertising market. The company's new arrangement with France Rail Publicité will provide significant growth in the Paris region in 1978, the chairman states.

Conditions in France now appear to be returning to normal following the election, and the directors expect rising profit in this market. In Belgium the number of sites is being increased with resulting improvement in revenue and profit.

Group taxable profit in 1977 soared to £940,791 (£370,091) and the net dividend is stepped up to 3.3997p (3.0438p). Further progress in both turnover and profit was made by the subsidiaries operating in France and Belgium, and the 50 per cent. owned Adshel bus stop shelter advertising concern lifted profit to £318,000 (£144,000).

Liquidity was up £76,000 (down £8,000) at year end with bank overdrafts standing lower at £87,421 (£116,433) bank balances and cash higher at £74,270 (£31,589) and short-term loans and deposits up from £80,011 to £130,481.

Freddie Mansfield

Sir Arthur Norman, chairman of De La Rue Company which is expected tomorrow to announce its 1977/78 results.

Tootal hopes to improve after dull start

The current year at Tootal, the textile manufacturing group, has opened in the same dull conditions seen towards the end of 1977/78, but improvement is hoped for in the second-half, says Sir George Kenyon, the chairman, in his annual review.

In the longer term, the group is making its dispositions to be ready for the improvement in international trade which must come eventually, and the greater stability provided by the recently re-negotiated Multi-Fibre Agreement augurs well he says. The group is well placed to take advantage of the opportunities available.

Current year results will depend to a large extent upon the degree of expansion of world trade and a recovery in consumer spending in the UK.

As reported on April 28, group pre-tax profit advanced from £17.78m to a record £21.77m for the year to January 31, 1978, on sales of £361.19m (£324.65m). Stated earnings were 8.1p (5.9p) and the dividend is stepped up to 2.7238p (2.4639p) net.

The continued improvement in UK results in the second-half was particularly satisfying, the chairman points out.

Overseas, a declining profit trend was arrested. In Australia, record profits were achieved, while other overseas operations showed little change overall in terms of local currency.

However, the relative strength of the pound against the U.S. dollar had the effect of reducing the sterling equivalent of profits of the North American companies—profits from a number of other overseas operations and from exports were similarly affected.

Exports accounted for £55.24m (£45.07m) of UK sales, while exchange rates reduced the sterling equivalent of overseas profits by £719,000.

Expenditure on fixed assets during the year amounted to £11.4m of which £6.3m was in the UK. The Board is reviewing the value of group properties throughout the world with the aid of professional advice.

Meeting, Manchester, June 28, at noon.

First quarter increase at Third Mile

First quarter 1978 results of Third Mile Investment Company show a small increase in turnover and profit, and Mr. J. E. V. Rice, the chairman, says in his annual statement that he hopefully anticipates another good year.

He adds, however, that for a better estimation of the full year's results, he says it will be necessary to wait until the first-half results are known and when the effect of the usually slacker summer months stationery sales, as well as increased competition, can all be assessed.

As reported on May 11 net profit for 1977 was £72,253 compared with £7,219 on turnover of £783,986 against £181,389

Third Mile recently purchased a debt from National Westminster Bank and another from Slater Walker, owing to each of them by Sempah (Holdings), amounting to £186,907 and £873,658 respectively. Total purchase consideration was £43,500 and completion was effected by a cash payment from the company's liquid resources. Further discussions with Sempah are now taking place, Mr. Rice says. Third Mile currently has a 7.39 per cent stake in Sempah.

Record new business sales by Irish Life

RECORD new business sales were achieved in all branches of Irish Life Assurance Company in 1977. New annual premiums in the ordinary branch increased by 17 per cent to £10.6m and single premium sales doubled to £20m—this latter growth coming both from high income bond sales at the beginning of the year and an upsurge in unit-linked bond investment towards the end of the year. Industrial branch business remained buoyant with new annualised premiums 14 per cent higher at 1.4m.

Annual premium income in the ordinary branch during the year jumped by 22 per cent to £43m and single premiums more than doubled to £20m, while investment income increased by 48 per cent to £20m. Claims and expenses were over £5m higher at nearly £30m so that there was a £54m excess of income over outgoings.

Assets relating to unit-linked business showed a £20m capital appreciation resulting in a £74m increase in life funds to £277m. The industrial branch fund in 1977 rose by £4m to £48m, while the expense ratio was reduced slightly to 52.1 per cent of premium income.

Last year's valuation of ordinary business disclosed a surplus of £2.73m. of which £54,000 was transferred to profit and loss and £2.15m. allocated to policyholders. The reversionary bonus rates for 1977 are £4.775 per cent. of the sum assured on first series policies and £5.75 per cent. on the second series, with additional rates for policies that have been in force for long periods.

The terminal bonus rates, payable on death or maturity, is fixed at 25 per cent. of attaching bonuses. On the industrial branch valuation a surplus of £785,000 was disclosed, of which £25,000 was transferred to profit and loss and £648,000 paid to policyholders in the form of bonuses.

The directors say of the company's withdrawal from membership of the Life Offices Association in respect of its UK business, that they had come to the conclusion that it was administratively cumbersome to operate two commission scales and therefore two sets of premium rates—one for Ireland and the other for the UK. Sinces the scale for Ireland was still related to the sum assured, it had been decided to revert to this system in the UK rather than continue with a premium-related basis. This move meant resigning from the association—a decision which the company took with reluctance.

Planning is now far advanced for the company to set up a building society operation in the Republic. This development which is not likely to be well received by the five major established societies has been taken in order to expand the company's services to investors—providing short-term savings through the proposed building society as well as medium- and long-term contracts through the existing life assurance operations.

New personal pension contract from CMG

Clerical Medical and General Life Assurance Society is today launching a regular premium Personal Pension Contract to supplement its highly successful single premium plan. These two contracts now offer the self-employed and others in non-pensionable employment the choice of making pension provision either by regular payments or through a series of single premium payments, thus providing investors with complete flexibility as to payment of contributions.

The plan is on the deposit administration basis with a guaranteed rate of accrual each month plus bonus interest being added. The regular savings plan will have a distinctive bonus rate from the single premium contract to reflect the different guarantees incorporated in the two plans. The initial bonus rate is 0.33 per cent per month, compared with 0.25 per cent on the single premium contract (0.267 per cent was declared at the last triennium).

The contract offers considerable flexibility regarding payment of premiums. They can be paid annually, half-yearly, quarterly or monthly and can be reduced and later increased again, within certain limits, on guaranteed terms. The benefits are in the usual flexible form including the option to commute part of the pension for a completely tax-free lump-sum.

Johnsen & Jorgensen

Johnsen and Jorgensen (Holdings) announces the formation of a new company to manufacture its range of the Securitainer of which J. and J. (Plastics) is the sole supplier in the UK. The company is formed in collaboration with an associate, West Pharma-rubber, a leader in specialist moulded rubber closures and components for the pharmaceutical and medical fields.

Mr. Robert Johnsen, chairman of J. and J. said that the company had been under great pressure to provide additional manufacturing facilities for the Securitainer. The initial investment will be in excess of £500,000 which shows the group's determination to solve the Securitainer supply situation for the future. Production is planned to start early in 1979.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest %	Interest payable	Minimum sum £	Life of bond Year
Barking (01-592 4500)	10¾	½-year	1,000	4-6
Barking (01-592 4500)	11¼	½-year	5,000	4-6
Barnsley Metro. (0226 203232)	11	½-year	250	5-7
Knowsley (051 5486555)	11½	½-year	1,000	5-7
Oxford (0865 49811)	10¾	½-year	5,000	5-7
Poole (02013 5151)	10½	½-year	500	5
Poole (02013 5151)	10¾	½-year	500	6-7
Redbridge (01-478 3020)	10⅞	½-year	200	5-7
Thurrock (0375 5122)	11	½-year	300	4
Thurrock (0375 5122)	11¼	½-year	300	5-8
Worthing (0903 37111)	9¾	½-year	500	3
Wrekin (0952 505051)	11	yearly	1,000	5
Wrekin (0952 505051)	10½	½-year	1,000	3

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 9.6.78.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	10¾	11	11¼	11½	11¾	11¾	12	12¼

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

Pending dividends timetable

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially published. *It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."* Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
Airfix Inds.	July 14	Final 1.7655
Alexanders Discount	July 4	Int. 4.5
Allied Brews.	June 21	Int. 1.25
Anglo-American Corpn. Grp.	June 9	Divs. due
Anglo-American Secs.	July 13	Int. 1
Anglo Transvaal Cons. Grp.	June 8	Finals due
Arbuthnot Latham	June 23	Final 5.611
*AB Foods	June 12	Sec. int. 1.3688
Assoc. Newspapers	July 4	Final 3.518
*ATV	June 22	Final 2.147
Baker Perkins	June 23	Final 2.2339
Bassett (Geo.)	June 28	Final 4.0336
Bath and Portland	July 5	Int. 1.5
*Berisford (S. and W.)	June 15	Int. 3.5
Birmid Qualcast	July 13	Int. 1.38
*BOC Int	June 16	Int. 1.24
BPB Inds.	June 29	Sec. int. 3.496
Brit. and Comm. Shipping	June 16	Final 4.3545
*Brown (John)	June 24	Sec. int. 3.28
*Brown Shipley	June 8	Final 1.79
*Charter Consolidated	June 8	Final 4.68242
*Chloride	June 15	Sec. int. 3.4
Chubb	June 15	Final 2.2355
*CompAir	June 14	Int. 1.5
Daejan	July 14	Final 1.7875
Daily Mail and Gen. Tst.	July 7	Final 7.512
Dawson Int.	June 20	Final 1.9823
*De La Rue	June 8	Final 6.4 fcst.
Distillers	July 14	Final 4.46338
Dobson Park	June 14	Int. 0.833
Elec. and Gen. Inv.	June 21	Final 8.8
Electronic Rentals	June 9	Final 1.4615
*English China Clays	June 15	Int. 1.75
*Finlay (Jas.)	June 6	Sec. int. 5.11
*Gold Fields of SA Group	June 13	Divs. due
General Electric	July 5	Final 1.808
Gen. Min. Grp.	June 1	Divs. due
Gestetner	July 13	Int. 1.925
Granada	June 30	Int. 1.0848
*Grand Met.	June 8	Int. 1.8
*Gt. Portland Estates	June 12	Final 2.9457
*Guinness (A.)	June 15	Int. 2.3804
*Guthrie Corpn.	June 8	Final 6
Hambros	June 21	Final 56.75
*Hanson Trust	June 7	Int. 2.75
*Harrisons and Crosfield	June 7	Final 16.45
*Hickson Welch	June 8	Int. 3.638
*Hill Samuel	June 12	Final 2.7653
IC Gas	June 28	Final 5.27567
Imperial Group	July 14	Int. 2.25
Jo'burg Consolidated	June 9	Int. due
Johnson Matthey	June 14	Final 7.1928
*Land Secs.	June 9	Final 3.254
*Lindustries	June 21	Final 3.046
**LOFS	June 14	Final 3.32076
Lyons (J.)	June 29	Final 3.535
Mercury Secs.	July 21	Final 3.3894
*Metal Box	June 8	Final 7.48
*MK Electric	June 28	Final 2.49
Nat. Bank Australasia	May 31	Int. 4.5 cents
News Int.	June 29	Int. 4
Pauls and Whites	June 16	Final 2.414
*Pegler Hattersley	June 13	Final 4.031
*Pilkington Bros.	June 13	Sec. int. due
Plessey	June 22	Int. 0.48797
Powell Duffryn	June 21	Final 5.13064
Prop. Hldg. and Inv. Tst.	June 26	Final 3.706
*Racal Electronic	June 22	Final 1.484
Rediffusion	June 28	Final 3.415
Rothmans International	July 7	Final 1.1815
*600 Group	June 8	Final 2
Scot. and Newcastle Brew.	July 13	Final 1.63225
Scot. and Univ. Inv.	July 14	Final 2.87
SGB	June 26	Int. 1.5
Sheepbridge Eng.	June 23	Final 2.1756
[illegible] Int.	May 29	Final 1.61
Standard Chartered	June 28	Final 10.395
Staveley Inds.	May 12	Int. 4.4
Tesco	June 22	Final 0.8567
Thorn Elec.	July 8	Sec. int. 4.2582
*Triplex Fndrs.	June 15	Final 2.729
Trust Houses Forte	July 5	Int. 3.25
*UKO Int.	June 8	Final 5.33
Vaux Brews.	June 24	Sec. int. 6.66
Ward (T. W.)	June 10	Int. 1.21875
*Wedgwood	June 8	Final 2.7
Woodhead (Jonas)	June 17	Final 4.6305

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Shipyard 5% pay rise

NEARLY 200 senior managers at Yarrow (Shipbuilders) on the Upper Clyde were awarded 5 per cent pay rises yesterday by the Central Arbitration Committee.

The increase—given under the fair wages rules and back-dated to January 1—comes on top of a recent 10 per cent award by the committee for all Yarrow staff and a further 10 per cent Phase Three rise. It brings to 25 per cent the total pay rises won by the managers this year.

Another award by the committee announced yesterday was for more than 1,000 clerical workers at the Hillington and East Kilbride factories of Rolls-Royce in Scotland. They receive between £2.20 and £3 a week back-dated to last December.

Rolls-Royce's 3,500 manual workers in Scotland are making a similar fair-wages claim, which will be heard by the committee on June 14.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
100	F.P.	8/7	165	142	Eurotherm	160	+2	b2.64	4.0	2.7	14.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
$100	F.P.	—	$99¾	$99½	Amer. Express Int. Fin. Variable 82	$99¾	
100p	F.P.	30/6	110p	107½p	Armitage (G.) 10½% 2nd Cum. Pref.	107½p	
£98	£10	22/9	10¼	10¼	Barnet 13½% Red. 1997	10¼	
	F.P.	—	104p	100p	Brixton [illegible] Conv. Cum. Red. Pref.	102p	
£97.35	£10	28/7	10¼	10¼	Essex Water 7% Red. Pref. 1983	10¼	
	M.S.	—	27½	26	[illegible]	26	
£99	£50	25/8	49¼	46¼	Greenwich (Lon. Boro. of) 11¾% Red. 1986	47¾	
	F.P.	—	101	99	Liberty & Co. 9.5% Prf.	99½	
	F.P.	2/6	105p	103p	Menzies (J.) 8% Cum. Prf.	104½p	
100p	F.P.	26/5	100p	97½p	Pittard 9½% Cum. Prf.	98p	
	F.P.	—	102	99	Quick (H. & J.) 10% Prf.	99	
£100	F.P.	26/5	101	96	Talbot 10% Cnv. Uns. Ln. 1995	96	−1
£98¾	£10	1/9	10	9	Tyne & Wear 12% Red. 1985	9½	
	F.P.	16/6	101½p	101p	Wade Potteries 10% Pref.	101	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
20p	Nil	13/6	7/7	167pm	128pm	Brent Chemicals	166pm	−1
35	F.P.	25/5	23/6	59	48	Brown Boveri Kent	59	
C$24	Nil	—	—	51pm	33pm	Canadian Imperial Bnk.	44pm	+1
20p	Nil	9/6	7/7	38pm	33pm	Central Manufacturing	35pm	−½
70p	Nil	—	—	28pm	25pm	Dobson Park Inds.	28pm	
R5.05	Nil	—	—	20pm	17pm	[illegible] Gold Mining	20pm	
84	Nil	—	—	13pm	10pm	Hestair	13pm	
72	F.P.	26/5	25/6	102	95	Horizon Midland	95	−2
145	Nil	—	—	14pm	9pm	Bowden (Alexander)	12pm	−2
345	F.P.	31/5	25/6	410	388½	Rowntree Mackintosh	410	+8
50	F.P.	16/5	9/6	54	45¼	Supra	54	
152	F.P.	16/5	13/6	186	165	Turner & Newall	179	−5
20p	Nil	5/6	17/7	5½pm	3½pm	Wellco	4½pm	−½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1979. *q* Gross. *T* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† *Minimum tender price.* §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

BASE LENDING RATES

A.B.N. Bank	9 %
Allied Irish Banks Ltd.	9 %
American Express Bk.	9 %
Amro Bank	9 %
A P Bank Ltd.	9 %
Henry Ansbacher	9 %
Banco de Bilbao	9 %
Bank of Credit & Cmce.	9 %
Bank of Cyprus	9 %
Bank of N.S.W.	9 %
Banque Belge Ltd.	9 %
Banque du Rhone	9½%
Barclays Bank	9 %
Barnett Christie Ltd.	9½%
Bremar Holdings Ltd.	10 %
Brit. Bank of Mid. East	9 %
■ Brown Shipley	9 %
Canada Perm't. Trust	9 %
Capitol C & C Fin. Ltd.	9 %
Cayzer Ltd.	9 %
Cedar Holdings	9½%
■ Charterhouse Japhet	9 %
Choulartons	9 %
C. E. Coates	10 %
Consolidated Credits	9 %
Co-operative Bank *	9 %
Corinthian Securities	9 %
Credit Lyonnais	9 %
The Cyprus Popular Bk.	9 %
Duncan Lawrie ¶	9 %
Eagil Trust	9 %
English Transcont.	10 %
First London Secs.	9 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	9 %
Greyhound Guaranty	9 %
Grindlays Bank ‡	9 %
■ Guinness Mahon	9 %
■ Hambros Bank	9 %
■ Hill Samuel §	9 %
C. Hoare & Co. †	9 %
Julian S. Hodge	10 %
Hongkong & Shanghai	9 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	9 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	9 %
London Mercantile	9 %
Edward Manson & Co.	10½%
Midland Bank	9 %
■ Samuel Montagu	9 %
■ Morgan Grenfell	9 %
National Westminster	9 %
Norwich General Trust	9 %
P. S. Refson & Co.	9 %
Rossminster Accept'cs	9 %
Royal Bk. Canada Trust	9 %
Schlesinger Limited	9 %
E. S. Schwab	10½%
Security Trust Co. Ltd.	10 %
Shenley Trust	11 %
Standard Chartered	9 %
Trade Dev. Bank	9 %
Trustee Savings Bank	9 %
Twentieth Century Bk.	10 %
United Bank of Kuwait	9 %
Whiteaway Laidlaw	9½%
Williams & Glyn's	9 %
Yorkshire Bank	9 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 6%, 1-month deposits 6¼%.

† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6¼% and over £25,000 6½%.

‡ Call deposits over £1,000 6%.

§ Demand deposits 6¼%.

¶ Rate also applies to Sterling Ind. Securities.

INSURANCE

Definitive study recommends making progress slowly

THE INSURANCE Institute of London held a special meeting last week to introduce a report prepared by one of its advanced study groups—composed of insurance men and women who meet in their own time to research aspects of insurance practice and law and present reports, sometimes making recommendations.

Last week's report, by group number 208 (which shows how long the study group system has been working), is on construction and erection insurance and has been produced in a 210-page book which can be bought by Institute members for £5 (non-members £6).

It is not cheap but as there is no similar up-to-date wide-ranging definitive work available, the book is a very necessary purchase for all concerned in obtaining or providing cover in this very specialised sector of the insurance market.

It is significant perhaps that the group's leader was a broker and that out of 31 members of the group, 10 came from the broking sector. This fact has ensured that there can be no criticism that the report is a vehicle for restrictive underwriting views.

There are four main chapters, dealing with the principal features of what the report calls the "Construction Policy," with the assessment of risk, with risk factors in specific projects, and with premium rating matters; *there is a deal of solid meat in* this, the first two thirds of the report.

The last third is given over to extracts from the text of the 11 construction contracts which the group reckons to be in most common use, and while it is convenient to have these all in one place, inevitably users of the report will have to make certain that they keep this section up-to-date.

For example, there is a footnote to the *Contractors' Plant* Association conditions saying that a new edition of these conditions is expected this year.

Of course nothing in the construction industry stands still and what is now current market practice may be tomorrow's history. This report is in fact the third which has been produced on construction risks by the London Institute study groups—the first was published *21 years ago and the second* seven years ago. The new report is completely self-contained and does not demand frequent reference to the preceding ones.

At its simplest, the construction Policy covers loss of or damage to immobile property under construction: but the Policy may be expanded to include cover on plant to be installed, and may cover a single contractors or a team of specialist contractors.

At its widest, the policy may cover a number of parties doing several different kinds of work against not only material damage and losses, but also tortious and contractual liabilities and transit risks, with the connecting factor of the site and purpose of the project.

The detail that the report provides ought to ensure that no one, whether he is risk manager, broker or underwriter, goes into the construction insurance jungle without appreciating the risks involved in any particular project, be it the construction of a road or bridge, factory or office block, off-shore platform or pipeline.

While the report is a mine of information, it cannot and does not *begin to price the many* risks it discusses. This aspect must remain for the experts, the *risk placers and the underwriters*, who bargain daily on these matters. However, the group does have something to say on profitability.

In the preface the comment is made "the world of insurance markets are at different stages of development." A change in practice on a particular matter may be welcomed in one market and *resisted in another.*

Nevertheless, in all markets there has been a growing trend *to include in one policy more of* the collaborating parties, more kinds of work and more risks. Some insurers consider that this process is becoming detrimental to their ability to make a profit out of this class of insurance.

It is the pace of innovation that poses the greatest problems. In this corner of the insurance market, as in so many others, the prospects of profit depend on a reasonable degree of stability in the long term and are jeopardised by the rapidity of change. By its detailed itemisation of so many risks the report implicitly, rather than expressly, *emphasises the necessity for* making haste slowly.

Cumbria rejects Pennine plan

Financial Times Reporter

THE Countryside Commission proposal that 500 square miles of the North Pennines be designated an area of outstanding *natural beauty was rejected* yesterday by Cumbria County Council's economic development and planning committee.

Although Northumberland and Durham are in favour of the proposal, the Cumbria committee accepted by a large majority a recommendation that the proposal should not be supported "on account of its effect on the people living within the area and the evidence of their opposition."

Councillors felt that any possible financial benefit would be outweighed by more control of planning, and that the preservation of natural beauty was better left in the hands of local people.

Councillor Trevor Farrer said: "I do not feel the Countryside Commission are the right people *to stimulate economic improvement.* With 40 per cent of the country in the hands of such bodies as areas of natural beauty and areas of special scientific interest, the concept of designation is being debased. I think the question of economic stimulation should be left to local authorities."

MONEY MARKET

Trading remains nervous

BY COLIN MILLHAM

Discount houses received an improved yield on their Treasury bills at Friday's tender, but are still acutely nervous about holding any investments with a longer maturity date than about one month, and may therefore take any opportunity this week to push their longer-dated bills back to the Bank of England.

The termination of the link between Minimum Lending Rate and the weekly Treasury bill tender was expected to lead to a closer relationship between rates for Treasury bills and other paper, such as bank bills and sterling certificates of deposit, but this did not happen immediately because the houses were obviously under some pressure to exercise restraint.

Before the announcement on May 25, rates for everything except Treasury bills were discounting a Minimum Lending Rate of 10 per cent.

Therefore it came as something of a surprise when the Treasury bill rate remained under 8½ per cent on the Friday before last, but the situation did become rather more clear during the course of last week.

Bids for the £500m bills offered on May 26 were only £711m, and 92 per cent went at the minimum accepted level. Quite clearly Treasury bills were still not regarded as an attractive enough investment to tempt outside bids, and the onus fell on the discount houses once more to take up the bills. The houses probably took up almost all the bills again last Friday, but on rather better terms.

They would obviously prefer a higher yield, but are probably not too worried providing there is every prospect of selling these bills fairly quickly. Market nerves are at present finely balanced by the desire of the authorities to see orderly conditions, which at least give an outward impression of calm, and help to prevent market rates moving too far away from the set level of MLR.

In order to comply with this, cover themselves, and move the Treasury bill rate up only slowly, the houses chose to take-up almost all their bills on Tuesday, the first working day of last week. This caused a fairly severe shortage of day-to-day money in the market, which the authorities relieved by buying an extremely large number of Treasury bills from the houses.

Fears of higher interest rates *have made the houses reluctant* to hold anything but very short-term investments. With money generally in good supply last week there was not too much opportunity to sell long-dated bills except on Tuesday.

On Wednesday the houses bought bills from the Bank of England, but these were fairly short-dated maturities, which suited the market.

Thursday was most peculiar, with a very substantial surplus of money left in the banking system at the end of the day. This was much to the annoyance of some houses, who had obviously hoped to buy more short-dated bills from the authorities. If the money had been absorbed in this way the supply of money would have been more difficult on Friday, possibly giving rise to the chance of selling longer bills to the Bank of England.

June 2 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	4-8¼	—	—	—	8¼-8⅝	6-7½	—	—	—
2 days notice	—	—	8¼-8⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	8⅛-8¾	8⅜-8⅝	—	8¾-9	8¾	7½-7¾	—	—	—
One month	8⅞-9⅛	8⅞-9¼	8⅝-8⅞	9⅜-9	9⅛-9¼	9⅛	8-8¼	8½-8¾	8⅞	9⅜
Two months	9 1/16-9 3/16	9¼-9⅛	—	9½-8¾	9 1/16-9⅜	—	8⅝-8½	8 11/16-8¾	8⅞	9⅝
Three months	9⅝-9½	9 5/16-9½	9-9⅛	9½-8¾	9⅝-9⅞	—	8⅝-8¾	8¾-8⅞	9 1/16-9¼	9¾
Six months	10 1/16-9 15/16	10¼-10⅛	9¼-9¾	9½-9	10⅛-10¼	—	—	—	9 11/16-9⅞	10
Nine months	10¼-10⅛	10⅜-10⅜	—	10⅛-9½	10¾	—	—	—	—	—
One year	10⅝-10¼	10⅝-10⅛	9¾-10⅜	10¼-9¾	11	—	—	—	—	—
Two years	—	—	10⅝-11	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 12-12¼ per cent; five years 12 7/16-12½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9 7/16-9½ per cent; four-month trade bills 9 11/16-9¾ per cent.

Approximate selling rates for one-month Treasury bills 8⅜-8 7/16 per cent; two-month 8 9/16-8⅝ per cent; and three-month 8⅝-8 11/16 per cent. *Approximate selling rate for one-month bank bills 8¾ per cent; and two-month 9 1/16-9⅛ per cent; and three-month* 9-9 1/16 per cent. One-month trade bills 9¼ per cent; two-month 9½ per cent; and also three-month 9⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 8½ per cent from June 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6 per cent. **Clearing Bank Base Rates** for lending 9 per cent. **Treasury Bills:** Average tender rates of discount 8.7725 per cent.

FOREIGN EXCHANGES

June 2	Bank Rate %	Market Rates Day's Spread	Market Rates Close
New York	7	1.8200-1.8275	1.8225-1.8235
Montreal	8½	2.0325-2.0380	2.0370-2.0380
Amsterdam	4	4.05-4.08½	4.06-4.07
Brussels	5½	59.40-59.65	59.45-59.55
Copenhagen	9	10.23½-10.26½	10.24½-10.25½
Frankfurt	3	3.79-3.81½	3.79-3.80
Lisbon	18	82.65-83.50	82.80-83.30
Madrid	8	145.80-146.15	145.65-145.85
Milan	11½	1,571½-1,576½	1,572½-1,573½
Oslo	7	9.81½-9.84½	9.82½-9.83½
Paris	9½	8.34½-8.38	8.35½-8.36½
Stockholm	7	8.41-8.43½	8.41½-8.42½
Tokyo	3½	400-410	402½-404½
Vienna	5½	27.30-27.45	27.30-27.40
Zurich	1	3.42-3.45	3.42½-3.43½

Frankfurt close June 1—3.81½-3.82½. Zurich close—3.45½-3.46½.

‡ Rates given for convertible francs. Financial francs 59.55-59.75.

CURRENCY RATES

	Special Drawing Rights June 2	European Unit of Account June 2
Sterling	0.670860	0.675077
US dollar	1.22479	1.23311
Canadian	1.36932	1.37482
Austria sch	18.3535	18.4655
Belgian franc	39.9835	40.2548
Danish krone	6.88516	6.93339
Deutschem'k	2.55491	2.56938
Dutch guilder	[illegible]	2.75290
French franc	5.61995	5.65352
Italian lira	1057.18	[illegible]
Japanese yen	271.903	272.526
Norway krone	6.59978	6.64436
Spain peseta	98.0530	98.6155
Swedish krone	5.65449	5.69214
Swiss franc	2.31240	2.32546

EXCHANGE CROSS-RATES

June 2	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0795-0805	45.40-50	6.38-39	[illegible]	93.3025-35	110.65-60
New York	47.97-99	—	21.79-81	3.0675-0625	1.8225-8235	44.78-82	[illegible]
Paris	219½-220½	4.5825-5945	—	14.0225-066	[illegible]	205.11-61	242.9-46.4
Brussels	15.66-69	32.64-63	7.10-13	—	59.52-67	14.60-64	17.39-35
London	3.79-80	1.8225-35	8.35½-36½	59.45-55	—	4.06-07	3.42½-43½
Amsterdam	107.146-195	2.2312-57	48.610-665	6.7425-75	4.0745-95	—	118.385-436
Zurich	90.3282-467	1.880-882	40.9497-020	5.7525-7624	3.4319-65	84.1163-262	—

U.S. $ in Toronto=111.90-94 Canadian cents.
Canadian $ in New York=89.30-32 cents. U.S. $ in Milan 862.90-863.20.
Sterling in Milan 1589.30-50.

EURO-CURRENCY INTEREST RATES

June 2	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
‡ Short term	10¼-10¾	7-8	7⅜-7⅝	4⅞-5⅛	1-1¼	3⅛-3⅜
7 days notice	10¼-10⅝	7-8	7⅜-7⅝	4⅞-5⅛	1⅛-1⅜	3⅛-3⅜
Month	10⅜-10⅞	8⅜-8⅞	7⅝-7⅞	4⅞-5⅛	1 1/16-1 3/16	3⅜-3½
Three months	11-11⅜	8 1/16-8 9/16	7⅞-8⅛	4⅞-5⅛	1¼-1⅜	3⅜-3½
Six months	11⅝-11¾	8⅝-8¾	8⅜-8⅝	5¼-5½	1 5/16-1 7/16	3 9/16-3⅝
One Year	12-12⅜	8½-8⅞	8½-8¾	5⅛-5⅜	1 7/16-1 9/16	3⅝-3¾

Euro-French deposit rates: two-day 10-10½ per cent; seven-day 9¾-9⅞ per cent; one-month 9 5/16-9 9/16 per cent; three-month 9 9/16-9 11/16 per cent; six-month 10-10¼ per cent; one-year 10⅛-10⅜ per cent.

Long-term Eurodollar deposits: two years 8 11/16-8 15/16 per cent; three years 8¾-9 per cent; four years 8 15/16-9 3/16 per cent; five years 9-9¼ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.60-7.70 per cent; three-month 7.85-7.95 per cent; six-month 8.20-8.30 per cent; *one-year 8.40-8.50 per cent.*

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	June 2	June 1
Gold Bullion (a fine ounce)		
Close	$185-185¾	$183-183¾
Opening	$184-184¼	$183¾-184½
Morning fixing	$184.50 (£101.079)	$183.25 (£100.016)
Afternoon fixing	$184.75 (£101.305)	$183.0 (£100.109)
Gold Coins domestically		
Krugerrand	$190-192 (£104¼)	$188-190 (£103-104)
N'wSov'gns	$53¼-54¼ (£29¼-30¼)	$52½-54½ (£29-30)
Old Sov'gns	$56½-58½ (£31-32)	$56½-58½ (£31-32)
Gold Coins (internationally)		
Krugerrand	$190-192 ([illegible])	$188-190 (£103-104)
New Sov'gns	$52¾-54¾ (£29-30)	$52½-54½ (£29-30)
Old Sov'gns	$56½-58½ (£31-32)	$56½-58½ (£31-32)
$20 Eagles	$278-281	$277½-280½

OTHER MARKETS

			Notes Rates
Argentina	1,426-1,427	Argentina	1300-1400
Australia	1.6005-1.6067	Austria	27-28¼
Brazil	31.69-32.68	Belgium	58¾-61
Finland	7.60-7.61½	Brazil	27-42
Greece	67.418-68.084	Canada	2.00-2.05
Hong Kong	8.489-8.513	Denmark	10.25-45
Iran	135-141	France	8.30-8.45
Kuwait	0.498-0.508	Germany	3.75-3.85
Luxemb'rg	59.45-59.55	Greece	66-72
Malaysia	4.2510-4.2710	Italy	1550-1610
N. Zealand	1.7909-1.8083	Japan	400-415
Saudi Arab	6.23-6.33	Netherl'nd	4.05-4.20
Singapore	4.2420-4.2600	Norway	9.65-10.05
S. Africa	1.5721-1.5875	Portugal	77-86
U.S.		Spain	145-148
Canada		Switz'land	3.40-3.55
US$		U.S.	1.82-1.84
U.S. cents	99.46-99.48	Yugoslavia	34-37

* Rate given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.47-0.37c pm	1.35-1.25c pm
Montreal	0.40-0.30c pm	1.33-1.23c pm
Amst'dam	2¼-1¼c pm	6½-5½c pm
Brussels	35-25c pm	80-65c pm
Cop'ngn	3½-5½ ore dis	9½-11½ ore dis
Frankfurt	2⅜-1⅜pf pm	6⅜-5⅜pf pm
Lisbon	25-105c dis	[illegible]
Madrid	35-115c dis	150-250c dis
Milan	1-4 lire dis	7-11 lire dis
Oslo	2-4 ore dis	4-6 ore dis
Paris	1c pm-par	2¾-1¾c pm
Stockholm	[illegible]	3½-1½ ore pm
Vienna	15-5 gro pm	35-25 gro pm
Zurich	3⅛-2⅛c pm	8⅝-7⅝c pm

Six-month forward dollar 2.70-2.60c pm. 12-month 5.70-5.55c pm.

MINING NOTEBOOK

Some fighting words from Mr Mensaros

BY LODESTAR

"THE INDUSTRY has come increasingly under attack from *environmental* lobbyists, from the Commonwealth Government itself and from a segment of public *opinion which believes that* mining companies which make a profit should be sent to gaol. I *urge you to meet these attacks* head on and if you are under attack fight back."

Spoken by an incensed mining industry leader? No, this sound advice came from none other than Western Australia's Mines Minister Mr. Andrew Mensaros in an address to the State's Chamber of Mines.

He was also critical of the *proposed* Australian natural resources tax which looms so large as one of the many unknown *factors in the profitability of the* country's potential uranium producers.

Mr. Mensaros said that "reduced incentive will kill the motive which miners currently have to *invest large amounts of risk* capital in exploration and marginally economic development."

It is certainly a refreshing change to hear a Government Minister putting forward such views. It should give fresh heart to the down-under miners particularly those in this particular Australian state.

Meanwhile, the uranium miners at last seem to be nearing the long-awaited "off" signal. A week of good news was rounded off on Friday by the statement in Sydney by the chairman of the UK Atomic Energy Commission that Britain is in the market for 1,300 short tons of uranium oxide annually for 15 years starting in 1982 and that finalising the necessary nuclear safeguards agreement should be only a "week or two" away.

The potential producers particularly welcomed the decision by Australia's deputy Prime Minister Mr. Douglas Anthony that they would be able to go ahead in obtaining contracts with overseas customers without waiting for the protracted formation of the Governmet's Marketing Authority. Any contracts would, of course, *need his own approval.*

What the companies have been *fearing is the said Authority's proposed imposition of minimum* prices for uranium exports. What such restrictions did to the *country's beach sands mineral* industry is still fresh in their minds.

The point has been colourfully put by the ebullient Mr. Lang Hancock who describes any such *minimum price requirement* as a "harmful, mischievous impediment," adding that "there are 4bn people in this world whose wishes will decide the price of uranium, not a group of paper-jugglers in Canberra."

Meanwhile, a reader has congratulated this column on its "quite brilliant" advice of a *couple of years back to switch* from Pancontinental into Randfontein. Might not the reverse *procedure now be appropriate? he* asks. Take the profit on Randfontein but wait for a setback before completing the switch is my advice. Pancontinenal still has some obstacles to surmount.

North Kalgurli

Candidates for the long-running "whatever happened to" series are coming up thick and fast from readers following their revival in the Australian mining market. Unfortunately it is not always possible to provide the answers. In fact, some of the companies seem to have been sunk without trace.

This does not apply, however, to former Kalgoorlie gold-miner North Kalgurli although this concern has suffered a decided setback from the decision by *Selection Trust's Spargoville* nickel mine to discontinue sending its ore for treatment at the *Croesus plant which was* converted from gold to nickel operations in 1975.

So what does North Kalgurli do now, switch the plant back from nickel to gold? It may do just *that with finance provided by the* Western Australian Government which has offered the company a *$A0.5m (£0.3m) loan* for the purpose. Government, with employment always in mind of course, apparently considers it not a bad idea to have a private enterprise custom mill in the area for gold ore treatment.

What could encourage North Kalgurli to take up the challenge is the hope that one of these days, if the bullion prices goes high enough, its own Fimiston mine could be re-activated. It closed down in 1975. Development work at the time had indicated a sufficiency of ore to warrant a re-opening in the right economic climate for gold-mining. The shares are 15p against 8½p earlier this year.

Irish uranium

It was in November that attention was drawn here to Sabina's *participation in a Northern Ireland* uranium search over a 300-square-mile area of County *Tyrone. It is now beginning with* a £30,000 stream-sampling programme. The EEC is putting up half the money.

Sabina has a 15 per cent interest in the venture which its chairman Mr. "Bill" Cummins regards as a *well worth-while exercise. The* main partner with 50 per cent is Calgary-based E and B Explorations backed by the German Sedimex organisation.

Meanwhile, August 23 is the crunch date as to whether South Africa's Messina wants to press on with its joint venture with Sabina in exploring for lead and zinc in ground near the big Tara mine in Ireland. Some 2m tonnes of 7 per cent combined metal content have so far been located.

On the other side of the Atlantic U.S. Steel is still drilling Sabina's zinc prospect at Bathurst in New Brunswick. End-1978 is the crucial date for this venture. Sabina also has an interest in a high grade lead-zinc-silver mine in British Columbia which Mr. Cummins hopes will provide a sufficient cash flow to cover the company's overheads.

But it is still the Red Lake gold property in Ontario that brings a gleam to the Cummins eye. It remains on ice. But he would like to see Sabina go it alone on this one without the major farm-in partners which it has been so adept in finding for other prospects.

At 38p the shares are near the bottom end of their range in recent years. The management *continues to deserve full marks* for trying even if no sure-fire winner has yet been produced from the hat.

Northern Line radio link plan

LONDON TRANSPORT is planning a £2.2m radio system to keep tube drivers on the Northern Line in constant touch with headquarters.

A similar system has been *operating on the Bakerloo Line* for several years.

The Northern Line plan is part of an overall £10m scheme to put tube drivers on all lines in radio contact.

The plan will be considered by the Greater London Council's transport committee next week. London Transport says it would mean shorter delays when incidents occur and better information for passengers.

FT Monthly Survey of Business Opinion

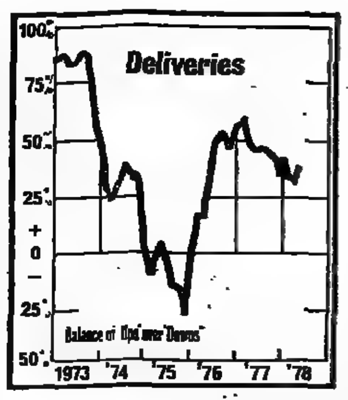
STATISTICAL MATERIAL © TAYLOR NELSON GROUP

GENERAL OUTLOOK

Optimism on the wane

OPTIMISM about both the general business situation and *the outlook for the UK economy* has been waning visibly since the beginning of the year, and last month's survey showed that the trend has not halted.

As one might expect at this stage of the recovery, with consumer demand leading the way, the level of confidence in the two consumer orientated sectors covered last month—stores and *consumer services, and cars and* consumer durables—is significantly higher than in the third sector, electrical engineering. But, even in the first two sectors, the level of optimism was lower than in January.



At a *more* tangible level, the electrical engineering and cars/consumer durables sectors were less inclined than they had been when they were last surveyed four months ago to expect their export volume to be greater over the next 12 months.

An increasing number of companies throughout industry are also now citing the level of export orders as one of the constraints on their output.

All in all, the outlook is dominated by the slow rate of recovery in the UK and abroad, plus some concern over the next phase of wages policy and the uncertainties generated by the coming election.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
More optimistic	30	37	38	41	28	70	60
Neutral	44	38	38	39	72	12	40
Less optimistic	26	25	22	18	—	18	—
No answer	—	—	2	2	—	—	—

EXPORT PROSPECTS (Weighted by exports)

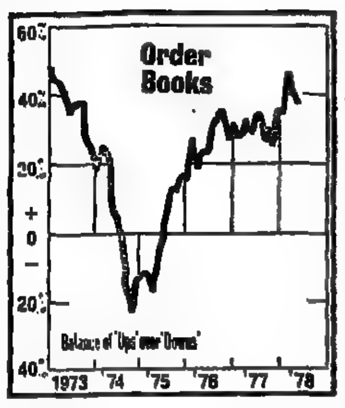
Over the next 12 months exports will be:	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Higher	69	75	77	75	50	63	68
Same	16	13	9	8	49	6	31
Lower	12	9	11	14	1	31	1
Don't know	3	3	3	3	—	—	—

ORDERS AND OUTPUT

Only a partial recovery

CONSUMER demand continues to rise but the upturn is a slow one and it has yet to filter through to the non-consumer goods sectors of industry.

This is shown by the contrasting *reports* for orders and deliveries last month. In the stores and consumer services sector the rising trend continued but both the electrical engineering and cars/consumer durables sectors were less inclined to report an improvement than they had been in January. The net result was a decline in the overall balance *of "ups" over "downs"* for orders.



The electrical engineering and stores/consumer services sectors were also more inclined to say that their level of purchases over the next four months would remain the same rather than increase.

Looking further ahead, the *stores/consumer services sector* had become slightly more bullish about sales volume over the next 12 months, whereas the other two sectors had become less so.

All in all, with an election in the offing and other industrial countries reflating relatively slowly, the outlook was said to be tinged with a good deal of uncertainty.

NEW ORDERS

The trend of new orders in the last 4 months is:	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Up	44	49	53	48	50	51	73
Same	32	28	29	28	31	37	27
Down	14	11	10	12	19	12	—
No answer	10	12	8	12	—	—	—

PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Rise over 20%	3	5	6	4	4	6	3
Rise 15-19%	1	4	4	7	4	—	—
Rise 10-14%	9	12	9	11	4	24	13
Rise 5-9%	32	23	25	27	51	2	70
About the same	45	48	48	45	37	18	14
Fall 5-9%	3	3	2	3	—	—	—
No comment	7	5	6	3	—	50	—

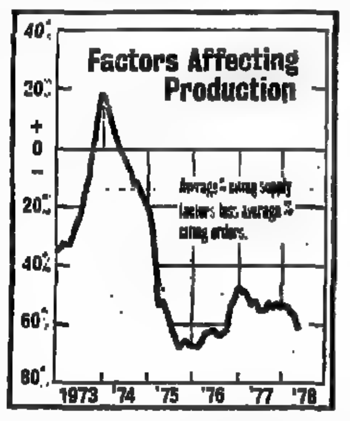
CAPACITY AND STOCKS

Labour shortages recur

THE PREVALENCE of labour recruitment difficulties at so early a stage of the upturn—and one which, moreover, is still largely confined to the consumer goods sectors—is both remarkable and worrying.

The difficulties have been cited for some months and apply to all three categories of manpower listed in the table—executive staff, skilled factory personnel, and manual labour.

In electrical engineering, the complaints ranged from senior personnel to engineers and scientists, inspectors, and unskilled staff. In cars, high grade fitters, marketing staff, mechanics and repair personnel



were cited. In stores and consumer services, it was good quality store managers, and hotel and catering staff.

Taxes and pay policy were widely blamed. Differentials had been compressed and it was difficult to persuade people to work overtime. Pay restrictions were also given as one of the reasons for the frequency with which labour disputes are being cited as a constraint upon production.

The biggest constraint, however, continues to be order levels including, for an increasing proportion of companies, export orders.

STOCKS

Raw materials and components over the next 12 months will:	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Increase	30	40	45	44	27	17	36
Stay about the same	47	42	40	47	50	70	30
Decrease	19	16	13	8	23	13	14
No comments	4	2	2	1	—	—	20
Manufactured goods over the next 12 months will:							
Increase	28	30	32	35	32	45	50
Stay about the same	37	38	41	42	18	6	30
Decrease	10	10	10	3	—	37	—
No comments	25	22	17	20	50	12	20

FACTORS CURRENTLY AFFECTING PRODUCTION

	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Home orders	86	85	86	85	64	68	83
Export orders	68	63	61	60	41	86	60
Executive staff	28	29	30	34	27	43	33
Skilled factory staff	41	43	42	46	59	64	20
Manual Labour	19	17	13	11	23	37	13
Components	4	4	5	7	8	24	—
Raw materials	4	3	5	9	27	—	3
Production capacity (plant)	11	14	15	11	9	6	13
Finance	—	—	—	—	—	6	—
Others	10	9	7	12	—	12	—
Labour disputes	30	30	37	38	41	18	33
No answer/no factor	1	4	5	4	—	—	—

CAPACITY WORKING

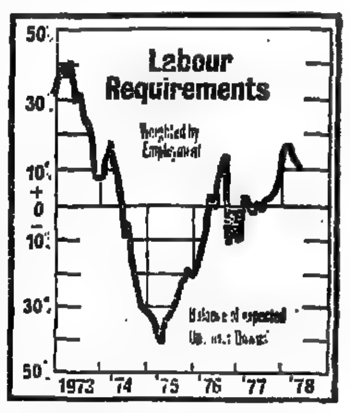
	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Above target capacity	10	9	10	9	4	25	17
Planned output	54	56	57	60	73	57	67
Below target capacity	35	34	32	31	23	18	16
No answer	1	1	1	—	—	—	—

INVESTMENT AND LABOUR

Reluctant to recruit

THE PROSPECT of reducing the number of unemployed has waned, with more firms now expecting to make do with the same or a smaller labour force and fewer firms expecting an increase. This month it was the electrical engineering sector in particular which has scaled down its forward requirements.

The main factor by far was the lack of demand, actual and foreseeable. This reason was mentioned by 66 per cent (weighted) of respondents in the last four months as against only 39 per cent in the November-February period.



After demand, the other reasons given have been, in descending order, the potential cost of redundancy payments, *plans to raise productivity*, difficulty in recruiting staff with suitable skills, other aspects of employment legislation (besides the cost of redundancy payments), high wage and other labour costs, and uncertainty about the future.

Companies often made the point that, because of recent employment legislation, they now had to be much more certain of an upturn before they took on more labour.

Meanwhile, the prospects for increased investment spending remain reasonably good.

LABOUR REQUIREMENTS (Weighted by employment)

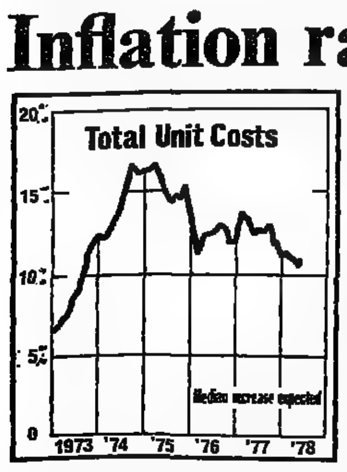
Those expecting their labour force over the next 12 months to:	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Increase	29	28	30	27	6	35	48
Stay about the same	52	57	56	62	63	65	28
Decrease	19	15	14	11	31	—	24

CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Increase in volume	54	55	53	51	59	77	38
Increase in value but not in volume	5	6	6	12	4	—	—
Stay about the same	11	15	18	17	—	23	4
Decrease	28	24	23	18	37	—	34
No comment	2	—	—	2	—	—	24

COSTS AND PROFIT MARGINS

Inflation rate steadies



INFLATION expectations have remained very steady in recent *months, with the median forecast* increase in wage costs over the coming 12 months ranging around 12 per cent, for total unit costs about 10-11 per cent, and output prices 10 per cent. There is no sign so far of companies expecting a deterioration next autumn and winter.

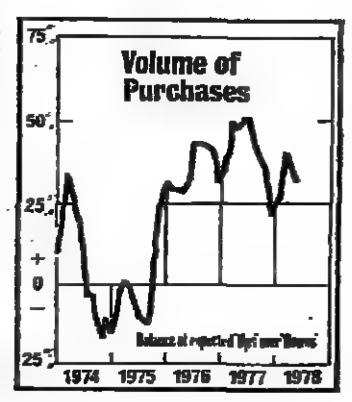
One interesting point to emerge this month is the number of companies which contract to the government which are taking the Government's "black list" seriously. Elsewhere, there appears to be a greater readiness to take a more flexible attitude to the official guidelines.

The outlook for profitability *has brightened a little.* For profit margins, the "ups" now almost equal the "downs," while for earnings on capital employed the balance of "ups" has become a little larger.

The stores/consumer services and the cars/durables sectors have both raised their earnings expectations, while the electrical engineering sector has become more bullish about *margins.*

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent of the turnover of all public companies. The weighting is by market capitalisation, save where alternative methods of weighting are cited.



The all-industry figures are four-monthly moving totals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month). *Complete tables can be purchased from Taylor Nelson and Associates.*

COSTS

	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Wages rise by:							
5-9%	12	9	10	5	28	—	13
10-14%	66	67	64	74	45	100	87
15-19%	12	13	11	10	4	—	—
20-24%	2	2	2	—	—	—	—
No answer	8	9	13	11	23	—	—
Unit cost rise by:							
0-4%	—	1	1	3	—	—	—
5-9%	34	38	36	24	50	68	14
10-14%	52	49	48	60	23	26	80
15-19%	4	5	7	6	—	—	3
20-24%	3	4	3	—	—	—	—
Same	—	—	—	1	—	—	—
Decrease	1	—	—	1	4	—	—
No answer	6	3	5	5	23	6	3

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	4 monthly moving total Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	May 1978 Elect. Eng'g. %	Consumer Durables %	Stores %
Improve	32	23	26	24	73	40	50
Remain the same	30	41	41	43	23	17	23
Contract	35	33	29	29	4	43	14
No comment	3	3	4	4	—	—	13

Lec Refrigeration

Points from the Accounts and Statement by the Chairman, Mr. C. R. Purley.

★ Turnover up by 20.3% to a new record of £26.7 million, exports up to £7.7 million from £4.9 million.

★ Pre-tax profit of £1,644,489 (1976 – £1,769,155) satisfactory in a difficult trading year. Total dividend for year 3.9306p, maximum permitted.

★ Sales for first quarter of 1978 show an increase of 13%, hopeful of another successful year.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Western Australia borrowing targets

By Michael Blanden

WESTERN AUSTRALIA expects to borrow up to A$100m (US$112m) a year, rising to perhaps A$500m by about 1990, to support the development of its rich mineral resources.

This was stated in London by Sir Charles Court, premier of Western Australia, as part of his European visit to interest bankers in the State's prospective growth.

The move follows the changes which, for the first time, have enabled the individual states of Australia to enter the international markets for funds, rather than relying on the Commonwealth to provide finance.

Sir Chales underlined the potential of Western Australia's resources, including coal, iron ore, offshore gas and possibly oil, aluminium and uranium. He emphasised that any international borrowing, while with a State guarantee, would be linked to specific projects and justified on their own profitability.

He described a number of infrastructure projects planned by the State, including a A$400 gas pipeline.

Ennia margins improve again

By Charles Batchelor

AMSTERDAM, June 4.

ENNIA, the Dutch insurance group, said gross receipts rose by nearly 14 per cent in the first three months of 1978 while expenses rose by only 6 per cent.

The board maintains its earlier view that profits per share will rise somewhat this year despite an increase in share capital.

Net profit rose 20 per cent in 1977 to Fl 42.9m ($19m) on gross receipts 21 per cent higher at Fl 1.85bn ($820m). Expenses rose by 9 per cent.

JAPANESE POWER COMPANIES

Exchange gains boost performance

BY YOKO SHIBATA

TOKYO, June 4.

DESPITE a slump in power consumption reflecting sluggish industrial activity, Japan's nine major electric utilities put up favourable earnings performances in the half year to March.

Exchange gains due to yen appreciation, totalled Y72.24bn ($325m). Four companies in particular, Tokyo, Tohoku, Chugoku and Hokkaido, posted record current profits. Eight of the companies (Hokkaido being the odd man out) retained Y44.8bn out of exchange gains in special reserve funds.

For the current year ending March, 1979, the nine power companies expect combined exchange gains of Y200bn, against the record 91.4bn of fiscal 1977. In particular, Tokyo Electric expects exchange gains for fiscal 1978 of Y80bn (Y39bn in fiscal 1977), Kansai Electric Y40bn (Y22.7bn) and Chubu Electric at Y33bn (Y16bn). The exchange gains are big enough to cover large capital investments by the nine and, of course, to maintain a high level of profit performance for fiscal 1978. Eight of the companies (again excluding Hokkaido) will forego raising electricity charges for the next two years.

During the half-year under review, household consumption of electricity rose by 5.1 per cent over the previous year, while supplies to major industrial consumers such as steel and textiles declined by 1.7 per cent, leaving overall national electricity consumption just 2.7 per cent higher.

Combined current profits for the six months rose by 14 per cent to Y251.1bn of which combined exchange gains accounted for 29 per cent. Kansai and Hokuriku Electric suffered setbacks in current profits due to a dry spell which increased their fuel cost burden.

HALF-YEAR TO END-MARCH, 1978 *

	Operating revenue (Ybn)	rise %	Current profits (Ybn)	rise %	Net profits (Ybn)	rise %	Exchange gains (Ybn)
Hokkaido	107.4	10.0	9.3	13.6	5.4	19.6	nil
Tohoku	271.6	4.0	24.8	25.5	13.2	27.2	4.3
Tokyo	889.9	5.5	78.3	14.7	39.9	34.7	30.0
Chubu	439.0	4.5	40.8	18.4	23.7	40.7	14.0
Hokuriku	101.6	2.6	8.4	(−7.4)	6.3	39.4	2.4
Kansai	531.9	3.6	37.7	(−0.9)	28.2	24.7	17.2
Chugoku	212.4	1.9	17.1	16.5	11.1	43.5	1.2
Shikoku	109.9	4.0	11.1	6.4	5.2	12.6	0.5
Kyushu	265.1	8.5	23.7	38.5	12.6	51.0	2.6

* Accounting to be changed to annual basis from March 1979 term.

Chisso stock to be de-listed

TOKYO, June 3.

CHISSO CORP. shares will be delisted from Japan's seven stock exchanges from next September or October. It failed to comply with the new stock exchange listing standards effective from March 31, the Tokyo Stock Exchange said.

The standards call for a company to be delisted if its debts are in excess of equity in the last three-year period and if no dividend is paid for five years, it said.

On Friday, the chemical company reported an after-tax deficit of Y8.84bn ($39.9m) for the year ended March 31, this year, compared with a deficit of Y4.78bn in the preceding year.

Hit by the recession and burdened with compensation to residents in Southern Kyushu suffering from mercury poisoning, Chisso's cumulative deficits rose to Y33.9bn in the year ended March 31 from Y27.6bn in the preceding year with its debts Y27.6bn in excess of equity compared with Y18.8bn in the preceding year, Chisso said.

Reuter

Rockwell in talks

ROCKWELL INTERNATIONAL CORP. said it entered into preliminary discussions for the possible sale of its aviation division to American Jet Industries, Reuter reports from Pittsburg.

Rockwell said the discussions related to the Bethany, Okla., operation of the division which makes and sells the Turbo Commander 690B, Commander 700, Commander 112TC, Commander 114 and the Shrike Commander 500 aircraft. American Jet said if it acquires the Rockwell division, it will continue to support all of its present programmes.

The model 500 Hustler aircraft programme would be moved to the Bethany facility for final development and production, American Jet said.

The companies said they have not yet reached any agreement. No other details were given.

CANADIAN NEWS

Profits improve at the banks

BY ROBERT GIBBENS

MONTREAL, June 1.

Canadian Imperial Bank of Commerce, which competes with the Royal Bank for top position in size, has reported earnings of C$39.2m (US$35m) for its second fiscal quarter against $24.9m, on revenues of $708m against $582m.

In the first half ended April 30 earnings were $81.6m against $58.8m on revenues of $1.38bn against $1.18bn. Figures are after tax but before loss appropriation. Assets at April 30 were $34.9bn against $28.9bn a year earlier.

The bank said that earnings from domestic operations improved sharply from depressed levels a year earlier. The improvement also resulted from higher assets and interest margins. Earnings from international operations also increased despite lower demand for commercial loans and narrowing interest margins.

However a comparable rate of improvement should not be expected in the rest of the year.

* * *

BANQUE CANADIENNE Nationale earned C$6.7m (US$6.3m) in second quarter, against C$5.8m a year earlier, on revenues of C$161m (C$140m). First-half earnings were C$12.9m against C$11.4m on revenues of C$318m (C$284m). Assets on April 30 were C$7.4bn against C$6.18bn.

Banque Canadienne also disclosed that it plans a rights offer of two new shares at C$14.25 a share for every nine shares already held. The offer expires July 12, and is designed to bring capital into better balance.

* * *

THE WESTERN telephone utility, British Columbia Telephone, is making a rights issue on the basis of one new share at C$14.30 for every five shares held of record June 9. The rights expire on July 6. General Telephone of the U.S., which owns 51 per cent, will subscribe fully for its rights. The issue will bring in nearly $54m of new money to meet the utility's capital spending programme.

Ads switch at Schlitz

JOS. SCHLITZ Brewing Company said it named two new advertising agencies to handle two of its major brands, AP-DJ reports from Milwaukee.

J. Walter Thompson Company was named as the agency for Schlitz beer and Benton and Bowles for Schlitz malt liquor. Leo Burnett Company had been the agency for both brands.

Cunningham and Walsh continues as the agency for two other Schlitz products, Schlitz light beer and Old Milwaukee.

Our Financial Staff adds: last Wednesday, Schlitz announced that it would start laying off workers at its eight breweries over the next two or three weeks. Marketing, observers noted then, had been one of the group's major problems.

Notice of Redemption

SLATER, WALKER INTERNATIONAL FINANCE LIMITED

7½% Guaranteed Sterling/Deutsche Mark Bonds Due 1987

NOTICE IS HEREBY GIVEN to bearers of the above Bonds that pursuant to the provisions of paragraph 6 (A) of the terms and conditions applicable to and printed on the reverse of such Bonds, Slater, Walker International Finance Limited has elected to exercise its option to redeem, on 30th June, 1978, all such Bonds outstanding at the redemption price of 102¼% of the principal amount thereof (namely £511.25 or, on election as provided below, DM 4,294.50 in respect of each Bond), together with the amount of interest accrued in respect of each Bond to the said date.

Payments will be made at the main offices of the Paying Agents in Sterling or, if the bearer shall so elect as provided below, in Deutsche Marks (at the fixed rate of DM 8.40 to £1), upon presentation and surrender of Bonds together with all Coupons in respect thereof maturing after 30th June, 1978. The face value of missing unmatured Coupons will be deducted from the sum due for payment.

Bearers should note that the Principal Paying Agent and the other Paying Agents are now those mentioned below, and that some of these differ from those mentioned on the reverse of the Bonds.

STERLING PAYMENTS will be made in Sterling in London or, at the option of the bearer, by transfer to a Sterling account or by Sterling draft drawn on the Sterling account maintained by the Paying Agent from whom payment is required.

DEUTSCHE MARK PAYMENTS will be made in Deutsche Marks in Frankfurt-am-Main or, at the option of the bearer, by transfer to a Deutsche Mark account or by Deutsche Mark draft drawn on the Deutsche Mark account maintained by the Paying Agent from whom payment is required.

TO OBTAIN PAYMENT IN DEUTSCHE MARKS BEARERS MUST DEPOSIT THEIR BONDS AND COUPONS, TOGETHER WITH FORMS OF INSTRUCTION FOR PAYMENT IN DEUTSCHE MARKS (AVAILABLE FROM THE PAYING AGENTS) DULY COMPLETED, WITH THE PAYING AGENT FROM WHOM PAYMENT IS REQUIRED NOT LATER THAN THE CLOSE OF BUSINESS ON 16TH JUNE, 1978, FAILING WHICH PAYMENT WILL BE MADE IN STERLING AND BEARERS WILL LOSE THE CONSIDERABLE ADVANTAGE OF THE FIXED RATE OF DM 8.40 TO £1.

After 30th June, 1978 interest will cease to accrue on the Bonds.

PRINCIPAL PAYING AGENT
The First National Bank of Chicago
Frankfurt-am-Main London Brussels
Paris Milan

OTHER PAYING AGENTS
Deutsche Bank Aktiengesellschaft
Frankfurt-am-Main
Kredietbank S.A. Luxembourgeoise
Luxembourg
First Chicago International Banking Corporation
New York City

30th May, 1978 Slater, Walker International Finance Limited

Notice to Shareholders of

MAGNUM FUND LIMITED

OF A
CASH OFFER
by
COPTHALL (TILBURG) B.V.

To Purchase all the Common Shares of Magnum Fund Limited

Copthall (Tilburg) B.V. is offering to purchase in cash in United States funds any and all of the common shares of Magnum Fund Limited ("Magnum") at a price per common share equal to 90% of the net asset value per common share on June 26, 1978. The purchase price will be determined jointly by the auditors of Magnum and Price Waterhouse & Co. not later than July 14, 1978 in accordance with the formula set forth in the Offer.

Shareholders desiring to accept the Offer must deposit before 4.30 p.m. (local time) on July 5, 1978, both (i) certificates or bearer share warrants representing the shares of Magnum deposited pursuant to the Offer, and (ii) a duly completed Acceptance Letter accompanied by any necessary evidence of authority to act, with either of the following:

NATIONAL TRUST COMPANY, LIMITED
21, King Street East, Toronto, Canada, M5C 1B3
Attention: Stock Transfer Department (Telephone: 416-364-9141)
BANQUE OCCIDENTALE pour l'industrie et le commerce
65-68, Leadenhall Street, London, England EC3A 2BA
(Telephone: 01-491 3791)

A shareholder may also deposit his shares of Magnum as aforesaid with a bank or other financial institution provided one of the companies listed above is notified of the deposit before 4.30 p.m. (local time) on July 5, 1978 and such bank or financial institution holds and deals with such shares in accordance with any instructions received from the company so notified.

The Offer of Copthall (Tilburg) B.V. is subject to additional terms and provisions specified therein. Copies of the Offer, the Take-Over Bid Circular with respect thereto and of the Acceptance Letter which must accompany share certificates and bearer share warrants deposited pursuant to the Offer, may be obtained at either of the above addresses.

June 5, 1978

COPTHALL (TILBURG) B.V.
Per:
Joseph Schuldenfrei
General Manager

SKF

Annual General Meeting

The annual general meeting of A/B SKF was held in Göteborg, Sweden, on May 31.

The annual report to shareholders on the year's results showed that while the steel sector continued to make losses largely due to high production costs in Sweden, the rolling bearing business maintained its profit levels compared to the previous year.

Increases in productivity to meet inflationary costs had been greater than increases in market demand and stocks had continued to grow, reaching nearly 5,300 million kronor at the end of 1977.

The Group's income statement as previously published and the consolidated balance sheet were adopted. An unchanged dividend of 4.50 kronor per share was approved.

Extracts from the year's results ('000.000 Swedish kronor)	1977	1976
Net sales	8,004	6,981
Operating income after depreciation	430	457*
Income before provisions and taxes	327	133*
Capital expenditure	757	671
Research and development	118	108

* Restated in accordance with the new Group accounting principles adopted in 1977 to conform with new Swedish company law and international practice.

Product areas

Operationally, the Group is now restructured into two bearing divisions, a steel division, cutting tool division, Lidköping machine tools, and SKF Industries (USA).

Broad product areas are classified as rolling bearings and associated products, special steel, cutting tools, and "other products".

The European Bearing Division comprises the main manufacturing/marketing companies in W. Germany, Italy, France, Sweden and the UK, and includes the sales organization of majority-held companies marketing SKF products in other European countries and to Comecon.

The Overseas Bearing Division is made up of SKF sales and manufacturing companies outside Europe and USA, and includes operations with associated bearing companies.

The Steel Division (SKF Steel) has been restructured with a number of product subdivisions which apart from special steel manufacture like strip, wire, ring, and tube, also include finished products such as pressurized oil couplings.

Sales outside the Group account for more than half division turnover which includes strip, springs and saw blades made in West Germany under the Eberle brand. Sales in 1977 rose 9.6% to 1,230 million kronor.

Cutting Tool Division operations mainly involve high-speed-steel tools from the subsidiary SKF Tools and Dormer Tools groups. Twist drills of both brands account for the major share of division turnover which includes, taps, dies and milling cutters. Sales rose 18.9% to 365 million kronor in 1977.

Other products, many of which have been a spin-off from bearing operations, have more than doubled in turnover during the past four years and accounted for 820 million kronor in 1977.

Textile machinery components, machine tools, fastening systems (e.g. circlips), sealing products, ball and roller screws as well as airframe and automotive components are major product groups contributing to turnover in this area.

Share of Group sales-1977	Mkr	%
Rolling bearings	6,265	72.2
Special steel	1,230	14.2
Cutting tools	365	4.2
Other products	820	9.4

Figures include internal sales between product areas

1978 activities

Group sales rose some 17% to 2,239 million kronor (1,915 in 1977) in the first three months of 1978.

Rolling bearing sales increased by 20.8%, steel sales by 14.6%, cutting tools by 27.8%, and other products 15.5%.

Operating income before depreciation was 208 million kronor (207). Income before exchange differences, extraordinary items and taxes dropped to 14 million (40) largely due to increased financial expenses. Signs of improvement were noted in the steel sector although losses were made in the first months of the year.

Group capital expenditure during the first quarter-year was 80 million kronor (148).

Speaking at the annual general meeting, Group Chief Executive Lennart Johansson confirmed the annual report forecast of improved results in 1978, but added that the profit increase may not be as great as orginally assumed. Despite the subdued result of the first three months, the increases being shown in sales indicated a profit upturn later in the year.

SKF Group Headquarters
S-415 50 Göteborg, Sweden

The 1979 Financial Times diary shows a number of improvements over the 1978 Financial Times diary.

Firstly, design.

We commissioned James Shurmer, who has produced work for the National Gallery, to completely revise the interior styling.

He provided us with a nicely understated thin-line treatment of the main diary, together with a matching design for the information sections.

Secondly, it occurred to us that there were insufficient months in the year.

Hence the 1979 FT diary starts on November 27th, 1978, and finishes on February 3rd, 1980.

So you can slip into 1979 whenever it suits you.

We've also extended the business information section. It gives a comprehensive list of useful information sources in thirty countries of the world.

You can trace anything from a Belgian consumers' association to a Polish translation agency.

On the subject of translation, the diary also contains a French and German business vocabulary covering everything from 'cash' to 'collateral'.

It could help make letters from abroad a lot easier to understand.

Next, we thought we'd put an end to writer's cramp.

To save you having to copy out hundreds of addresses and telephone numbers at the end of each year, we've incorporated a detachable address booklet.

Now, on the assumption that you do a fair bit of travelling, we've listed the passport, visa and vaccination requirements of all major countries, along with world time-zones and air-travel distances. There is also a superb 48-page colour atlas.

Statistics, we thought, were vital.

In the 1979 FT diary you'll find an 18 page section containing analysis charts, monthly expense sheets, weights and measures, metric conversion tables, both metric and imperial graphs, and international clothing sizes.

Finally, we decided that no-one wants a marker-ribbon that falls to bits, so we've attached a non-fraying marker ribbon.

In addition to the desk diary, there's a slim pocket diary and wallet, in black leather, with strengthened corners and real gold lettering.

It contains a colour map of the City of London, tube and inter-city maps, a list of recommended hotels and restaurants, information on road, rail and air travel in Europe, calendars, world time zones and metric conversion tables.

We've also designed an attractive matching address book.

If required, the desk diary, pocket diary and address book can all be gold-blocked with either your initials or company name and logo.

So you can give either yourself, your staff or your best clients a personalised gift.

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FINANCIAL TIMES DIARY.

FINANCIAL TIMES SURVEY

Monday June 5 1978

Word Processing

Although the technical development of word processing equipment is well ahead of demand at the moment, some manufacturers foresee 40 per cent growth in the UK alone this year. Projections of growing demand in Europe and the U.S. suggest that it will become essential office equipment.

Tomorrow's equipment

By Max Wilkinson

THE RELATIVE sluggishness of the market for word processing equipment makes an extraordinary contrast with the rapidity with which the products themselves are developing. Almost every month one of the 30 or more companies which are currently marketing word processing equipment announces a new product or system.

A complete new vocabulary has grown up to describe the technology of automatic typing and computer-aided text editing, which is still far in advance of what still happens in most offices.

While the experts are discussing the competing merits of daisy wheel and ink jet printers or video display units (VDUs) versus "thin window" plasma display, it is sobering to remember that almost half the typewriters in use in the UK today have not yet been converted from manual to electric and that only about 2 per cent of typewriters sold have any sort of electronic memory.

Challenge

The general slowness to automate the production of letters and documents does, however, represent a challenge and an opportunity for manufacturers, as the large sums spent on research and development clearly show.

It now appears that after a sustained campaign for the wider acceptance of word processing, manufacturers are beginning to see their efforts rewarded.

Olivetti, for example, is predicting a growth of 30 per cent to 40 per cent in the UK market this year, admittedly from a fairly small base. More cautious estimates, however, put current growth at 15 per cent to 20 per cent. Although market estimates vary, it is generally agreed that about 7,000 word process systems are now installed in the UK and that sales this year will be between 2,000 and 3,000 units. However, because of the very rapid advance of equipment it is now somewhat difficult to define what word processors essentially are.

The general definition adopted for this Survey follows the precedent of IBM in 1964 when the phrase was coined to describe all automatic equipment used to help the preparation of documents from conception, through the dictation stage to the printing of the final draft.

From the office manager's point of view this definition is helpful because it focuses attention on the competing claims for investment from different types of equipment aimed to increase office efficiency. For example, in some offices sophisticated dictation equipment may be a better buy than automatic typewriters, or it may be evident that both are needed.

The use of the term "word processing" is, however, generally becoming narrowed so that it refers only to computer like equipment which handles stores and prints out text. These more sophisticated products, in fact, have a different genealogy from the simple automatic typewriters developed from machines first marketed in 1914.

These earliest machines were typewriters driven by punched tape rather in the manner of the *pianola*, to produce standard letters. This principle was developed in the mid 1960s so that typewriters could be driven from text stored on magnetic tape. The main advantage of such machines is that a first draft of a document can be captured and stored on tape and corrected so that there is no need to type out the complete document a second or third time for a fair copy.

The improvement of automatic typewriters converged, however, with developments in a very different field, the manipulation of figures in computers. It was quickly realised that the techniques used for data processing could be applied to automatic typing to produce "word processing."

The full application of computer techniques to the secretarial task became possible only recently with the development of the microprocessor (a computer etched on a simple piece of silicon and reduced to the size of a postage stamp), dense semiconductor memories and other products of the micro-electronics revolution.

This process of the refinement and adaption of computer-like equipment for a mass office market is still in full swing. The most sophisticated typing equipment is already beginning to look very like a computer terminal, with television-like screen, fully electronic keyboard, sometimes separated from the screen, magnetic disc units, and a separate printer, *often in a different part of the office.*

Such systems not only look like computer terminals, they are beginning to behave like them as they are given extra capabilities to interrogate central computer files or to communicate directly with other word processors in the manner of a teleprinter. Word processors are also being developed by, for example Philips, which have ability to read text prepared on another machine. This "optical character recognition" (OCR) allows a word processor to be used for storing or editing documents which originated in a different office altogether, or on an ordinary typewriter.

The more complicated systems, are, however, relatively expensive, ranging from £6,000 to more than £10,000. It is likely therefore that the word processing market will split in the next few years into two distinct sections which roughly correspond to the historic division already mentioned. The more expensive computer-like range of products including systems in which several work stations are wired up to a shared processor and printer, will be aimed at the larger offices and typing pools with a high volume of work.

The other section of the market is likely to be the development of fairly simple automatic typewriters with a limited memory for mass use. The first step will be to replace most of the moving parts of electric typewriters by electronic circuits. The golf ball type of machine which has a single print head instead of a basket of type levers is the first movement in this direction; then, as microprocessors and solid state memories continue to fall in price, the addition of memory capacity will become relatively standard among the better class of typewriter. It is entirely possible that mass production will enable the price of automatic typewriters to be lowered so far that they can be sold to the domestic consumer.

In the next few years, however, much of the manufacturers' efforts will be spent on persuading businesses and government departments of the substantial economies which can be achieved through the use of word processing.

Mackintosh Consultants estimate that in Europe as a whole the total market for automatic typewriters will increase from about $60m in 1976 to about $131m by 1981. However, by the mid-1980s most people in the industry believe the market could increase very rapidly indeed. Comparison with the plain paper copier market, which has grown in little more than a decade to a worldwide figure of some $7bn, shows that once a take off point has been reached, it would be very difficult to predict any limit to the growth that would be possible.

Within Europe, the main markets are France, Germany and the UK of which Germany is the largest, probably because the high wages paid to secretaries make word processing equipment a more obviously economic proposition there.

The current number of word processors installed in Europe is estimated at around 100,000 units compared with perhaps 350,000 to 400,000 units in the U.S. where the word processor population is expected to double by 1981.

If the market in Europe is to follow the American pattern, two conditions will have to be fulfilled. First managers will have to be convinced of the cost benefits and the increases of efficiency possible in their particular offices. But equally, secretaries themselves will have to have a positive attitude towards the new machines. This will be particularly important in Europe where unions, and particularly public sector unions are more powerful than in the U.S.

On the question of efficiency a large number of separate theoretical and practical studies have been undertaken, but it is difficult to generalise the results, because the gains in different applications vary so widely.

For applications like mail order, where large numbers of repetitive standard letters are produced, improvements in efficiency of perhaps four or five times have been claimed. However, for a more general office with a mixture of short non-standard letters, lengthy documents and pro formas, it seems that the improvement could be between 100 and 130 per cent.

The improved efficiency will *clearly depend partly on the* extent to which the equipment is liked by the secretaries, and in this area, the industry is still in the testing and proving stage. It appears generally agreed that typists like the simpler form of word processor because it relieves them of tedious retyping and makes error correction much easier.

Resistance

However, some of the newer configurations with television-type displays have met with resistance as they can produce eye strain. One of the problems is that keyboards attached to display units often do not allow adjustments to be made to accommodate operators with different preferences or different physical characteristics. These problems are now being tackled by most of the major manufacturers, but it seems likely that a settling down period will be required before the best configuration becomes generally agreed in the industry.

Generally, however, the reactions of those who have installed word processing equipment appear to be favourable, and since the idea has many of the merits of that other labour-saving device, the plain paper copier, there seems little reason why word processors should not soon be accepted in a similar way as an essential part of most modern offices.

Systems and their basic elements

AFTER A period in which the most bewildering variety of equipment has been offered on the market under the label of word processing, manufacturers now appear to have reached some sort of consensus about the basic requirements for a system.

These ingredients were described by one of the leading companies as the "three Ds": display units, disc drives and daisy wheel printers. Not everyone would agree that all this equipment is essential for a medium-powered word processing system. However, it does appear from the 30 or more systems now available that these items should be at the least a minimum talking point for potential customers.

Only about three years ago each of these peripheral units would have been considered rather advanced and expensive for inclusion in word processing systems, but it now seems that mass production and the demands of the market will make them increasingly common even in medium-sized offices.

In a sense they are all closely linked for the advance in one technology, like storage, for example, created demands for improvements in other areas. It is convenient, however, to start by considering memory, since this is the essence of any word processing system.

After the pioneering developments of punched paper and later magnetic tape memories, the most widespread system was the magnetic card produced first by International Business Machines (IBM). Each card, about the size of a large postcard can conveniently hold a page of text. It is "posted" into a reader which stands by the typist's desk and is linked to an IBM golf ball typewriter. As the typist operates her machine, each keystroke is recorded electronically on the card as well as on the paper. Errors can be rapidly corrected by overtyping and the card can be used to play back directly into the typewriter producing a new copy at speed.

Simplicity

This system still has the merit of simplicity and convenience since each card can be attached to a first draft for filing or play-back of passages which do not need to be amended. It is probably still the most widely used and in some applications even has advantages over more sophisticated rivals.

The next stage was to increase the memory capacity by attaching cassette tape recorders to typewriters or printers. The great advantage was that the cassette recorder mechanism has already been highly developed for audio and hi-fi equipment and cassette tapes are widely available at low prices. Cassette recorders allow the typists to store quite lengthy documents on a single tape, and in some systems, two cassette decks are linked to allow standard pre-recorded paragraphs or passages to be printed out automatically into a document which also includes new matter, possibly dictated by a principal. The final document, which is an amalgam of pre-recorded and new material, is then stored on the second cassette for final printing after a draft has been checked and possibly amended.

The disadvantage of cassette decks is that an operator may need to spend some time searching through a tape to find a particular passage. Even where the system incorporates a method of rapid indexing, the rewind speed of the tape limits the amount of searching which is practicable. Cassettes are therefore most suitable for relatively straightforward applications where lengthy documents will be typed without pause.

Storage

Diskette units or "floppy discs" seem likely to replace cassettes partly because of their superior storage capacity—now more than 100 pages — but mainly because of the fact that the recording and playback head can search and find any portion of the text in a small fraction of a second. This capability of retrieving any portion of text almost instantaneously allows a word-processing system to have computer-like capabilities for a very low cost. Twin units are normally supplied, so that one disc can be used for a file while the second disc is used to record the document currently being prepared.

Until recently, disc drives were considerably more expensive than tape decks, but the difference in manufacturing costs has been rapidly narrowing and, for bulk purchases at least, it is soon likely to disappear.

Disc units are therefore being provided with most of the better machines, and it is likely that they will become accepted as standard before long. The superior capabilities of discs need to be matched by a processing power which can organise the material on the magnetic file, retrieve exactly the right sections needed for printing; and edit or re-organise a document if an insertion or deletion is made after the first draft. In some applications a mini-computer is used for this purpose, but increasingly the micro-computer etched on a single chip of silicon is taking over. Disc based systems are capable, in addition to normal text processing, of being used flexibly to synthesise letters from a large number of standard pre-recorded paragraphs.

One large mail order house, for example, has a system by which customers' letters are put together by a clerk who simply writes down a series of figures each of which refers to a standard pre-recorded paragraph in the disc file. After each figure the clerk writes any particular information which should be inserted into that particular paragraph, like amount of money, date, or name. The operator then merely has to press a keystroke to indicate the standard paragraph, and then type in the particular detail. The computer automatically inserts the extra details in the correct places and types out a letter neatly.

As "smarter" processors are added to powerful memory stores, a need is created for the operator to have some form of "window" into the electronic storage, so that she can see what is being written or recalled from the memory without frequent recourse to a printout. The most common way of achieving this is a visual display unit, which is a modified black and white television screen. A full page display will hold about 6,000 characters. And although costs have been falling, such displays are still likely to cost between £1,200 and £3,000 depending on the size of screen and the facilities offered.

Various methods are used to allow the document to be scrolled from right to left or from top to bottom to allow the operator to read work of any length or size. Such a screen has the great advantage that a typist can make an immediate correction to a word or paragraph or change the layout while the work is still in the completely "fluid" electronic state.

A cheaper and neater, but less flexible alternative to a full display is the thin window or "plasma" display which shows one or more lines of type in a form similar to that of a calculator window. The main developments to be expected in the next few years are continued reductions in costs with a parallel improvement in the quality of displays. Full page displays are still very expensive compared with a black and white television set which costs only about £60 and is made up from very similar components. Indeed, the Post Office's Viewdata system has shown that a modified domestic television set can be quite adequate for use as an occasional display. However, the quality required by typists who must watch the screen all day long is somewhat more demanding. In the longer term completely flat screens using liquid crystals will probably become available, but it is unlikely they will have significant place in the market place for at least the next few years.

Speed

Improvements to displays, processors and memory units have in turn created a demand for faster and better printers. The IBM golfball typewriter, still widely used in word processing systems, produces a high quality of print, and is capable of about 15 characters per second. Since this is twice the speed of most typists this machine is quite adequate for word processors used mainly for letters and reports where the most time is taken up with the initial keying-in of material. However, if a large amount of pre-recorded paragraphs is being used, or if the typist is making many drafts of lengthy documents, a higher print speed is obviously an advantage.

The recently developed "daisy wheel" printer matches this need with a print speed of about 55 characters per second. It uses a flexible print head which looks like a spoked wheel the size of a jam jar lid without a rim. Each spoke carries an embossed character or characters. The wheel revolves to place the keyed character uppermost so that it can be hammered onto the paper. One disadvantage of the daisy wheel printer is that the print heads have only a limited life and are relatively expensive to replace.

More recently, IBM has announced an ink jet printer which has very few moving parts because a thin jet of ink is directed onto the paper by electro-magnetic forces to form the characters at over 90 per second. As yet, this system is not reported to give as good as quality as the best impact printers, and it is incapable of producing carbon copies. However, the lack of copies may not be a great disadvantage in an office with word processors and copiers. Before long it is expected that the ink jet printer will be developed to give as good a quality as its rivals.

Obvious

It soon became obvious that high-speed printers and processors, linked possibly to a computer data storage, could support more than one typist. Several so-called shared logic systems have been developed, some by companies like Wordplex which specialise in this part of the market. Such systems are best suited to a typing pool where several operators are close together and can therefore conveniently walk to collect work from a printer.

Such systems can also be linked to a main frame computer so that details, like customers' credit ratings and orders can be called up on the typist's screen and inserted automatically into a letter.

Probably one of the main uncertainties about the word processing market is the extent to which the high cost of fast printers and other "peripherals" will dictate a move towards shared logic systems. Some people argue that the creation of more typing pools would be undesirable and that the future therefore lies with stand-alone systems possibly linked through the office's internal telephone system. Companies may wish to concentrate on the creation of a pleasant working environment for clerical staff even at the expense of some possible gains in efficiency. They may either see word processors as a way of reducing staff, or in some cases, of simply making life easier for them.

Max Wilkinson

The battle to keep down costs

LABOUR COSTS and how to avoid them, naturally set much of the context within which the future of word processing systems must be viewed. These labour costs are not confined to office staff: it is increasingly the case that the costs of the labour-intensive mail service are providing a spur for electronic office-to-office communication, which in turn depends on at least a rudimentary processing system at each end.

The other two major parameters which will exercise increasing influence on developments are the pressure towards increased efficiency within the offices — a pressure dictated either by competition or by bureaucratic decree; and the technological developments in the products themselves, which will tend to manifest themselves in increased flexibility and relatively—or even absolutely—decreasing costs.

Labour cost considerations, however, appear to take pride of place in the minds of the manufacturers of word processing equipment: it is a safe presumption that they are similarly important to their clients. The manufacturers quote the Government forecasts that office workers in the UK increase at the rate of 100,000 every three years, of whom one third will be typists. At the same time, typists' wages—partly because of their scarcity value—are increasing both relatively and absolutely. Employers of office labour have thus a built-in, and rapidly increasing incentive for capital expenditure aimed at reducing labour costs.

These are the obvious costs. Less obviously, the rising costs of mail, especially when related to the costs of telecommunications, are beginning to give the manufacturers further sales lines for their clients. Mail costs in this country have been held down, more or less, since 1975: but the two big increases of that year were sufficient to encourage the larger mail users to either (a) put pressure on the Post Office to keep prices down or (b) investigate other media. It is obvious to everyone that the costs of the mail will rise again, possibly sharply: it also seems likely that, while the UK service remains one of the best in the world, it will tend to deteriorate, if for no other reason than that it becomes increasingly difficult to persuade workers to work unsocial hours, unless they are paid substantial amounts of overtime — which, in turn, increases costs once more.

Office efficiency is more difficult to define. Between private companies, the competitive pressure classically tends towards better work practices (though in real life that is not always the case). In Government offices, or in those of local government or state industries, the pressures are classically meant to be in the opposite direction—towards a larger bureacracy. However, there are countervailing influences which have, in recent years, made such institutions more aware of technological developments—while at the same time still being less willing to order large-scale redundancies on cost-saving grounds.

The technological developments in the industry are the third decisive factor. In common with most electronic commodities, the price and size of word processors will tend to fall, while at the same time

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A secretarial revolution

THE OFFICE workers whose lives are most intimately affected by the introduction of word processors are invariably secretaries and typists.

Managers and professional people may well find that word processing machines enable them to improve their own efficiency and output but beyond this there is no basic change in the content of their jobs or in their career patterns. Secretaries, on the other hand, are likely to find that their working lives are revolutionised by their company's decision to buy automatic typewriters. And as with all revolution not everyone will see the new order as a change for the better.

For a start, some secretaries and typists may find that their jobs have virtually disappeared with the introduction of word processors. Automatic typewriters can perform so many of the routine tasks formerly done by a typist or secretary that individuals may be left sitting idle for hours on end. This is especially true of those organisations which have always been generous with secretarial staffing complements.

The 3M Series 4,000 word processing system.

Idleness leads to boredom and this in turn is likely to produce a sharp drop in morale—in the past few years survey after survey has shown that one of the main complaints of secretarial staff is that they do not have enough to do. If this dissatisfaction is sufficiently strong it can easily permeate through to other office staff. What is more, even fairly low powered secretaries may find that what little chance they had to use their initiative has been taken away by the word processors. Where a secretary might once have been left to compose the wording of many routine letters — excusing the boss from accepting an invitation, asking for more information, explaining away some minor mishap, describing a company system to a customer—all he or she now has to do is press a button and perhaps insert a few individual details such as dates and amounts of money.

A company facing the problem of disgruntled employees always has the alternative of cutting down secretarial staffing levels. But this has its drawbacks. The best way to do it is clearly through natural wastage which can take time—unless an organisation is extremely lucky and in the meantime the salary bill remains steady and the degree of discontent rises. Redundancy is the other option but this too can prove expensive in terms of both money and good will. There are few human beings who do not feel deeply resentful at finding that they can be replaced by machines.

Investment in word processors is likely to cause considerable upheaval even in those companies where there is no question of overmanning in the secretarial sector. Here again, one of the chief problems is likely to be boredom despite the fact that there is plenty for the typists to do.

It is estimated that personal secretaries, using conventional equipment, spend only about 25 per cent of their time typing. The rest of the working day is spent on administrative duties — filing, copying, diary maintenance, telephone calls and travel arrangements. There is therefore a strong argument for dividing all secretarial staff into two groups—those who act as administrators and those who are purely responsible for typing. Once this has been done it usually makes sense to have an administrative secretary working for several people rather than for just one boss.

Incentive

This system can be—and is—operated by companies that do not have word processors. But the introduction of automatic typewriters provides a strong incentive for reorganising in just this fashion. For, having spent a considerable sum of money on purchasing word processors, companies will want to ensure that their use is maximised.

The danger is that those who become correspondence secretaries—even if they have only been members of a typing pool before—are likely to find that what was once comparatively varied work is now little more than concentrated drudgery. The increased use of telephone links for dictating purposes and the reliance on coded replies for many routine matters may also make typists feel cut off from the mainstream of company life: opportunities for personal contact with the people who dictate the letters and reports are bound to become fewer and fewer so that correspondence secretaries can start to feel they are operating in something of a vacuum.

On the other hand, this type of mechanised typing pool system can offer increased job satisfaction in other ways. As in any traditional typing pool there is the chance to form friendships with the other people working there and to feel part of an all-important team.

In addition to this it has been found that most typists enjoy learning to master the new technology and in the main they do not find it too difficult. Most also take pleasure in the increased volume of work and the greater accuracy that word processors enable them to achieve. Careful staff selection designed to ensure that correspondence secretaries have an aptitude for thoroughness and application but are not perhaps particularly extrovert personalities can further enhance opportunities for job satisfaction.

It is also possible for companies to set up small groups of correspondence secretaries and to place them near the people they are working for. This has the advantage of making the typists feel more in touch with their bosses and it also does away with the stigma that has become attached to the phrase "typing pool." At the same time it can offer greater chances of promotion because more supervisory posts will be needed.

Administrative secretaries working for a group of people instead of a single boss may face many of the same problems as correspondence secretaries. They too may find they have less personal contact with the men and women they are working for than formerly: partly as a result of this they may also have fewer opportunities than before to act as personal assistants and so extend their skills and their career prospects. In addition, some may feel they have suffered a loss in status—and so, too, may their bosses.

Research has shown that far too many bosses—usually male—primarily want secretaries—nearly always female—in order to boost their egos. They prefer it if the girls are efficient but they would rather have a hopeless incompetent than not have a secretary at all. This is one reason why so many conventional secretaries complain that they do not have enough to do: ministering to the vanity of some small-time executive is not exactly a challenging or fulfilling job.

But now a growing number of women, particularly those with real ability, are recognising the fruitlessness of becoming an "office wife." This is reflected in the current shortage of secretaries—particularly in London. Those who do take secretarial training are increasingly demanding a real career path and the opportunity to be promoted to an executive position.

Companies will either have to give administrative secretaries a genuine chance to climb the career ladder or else employ older women who are not looking for advancement or for any great responsibility. Such women are likely to become more and more difficult to find and in the long term the first option will become the only realistic one for many organisations.

The advent of word processors certainly provides the ideal opportunity for giving secretaries greater responsibility and so enlarging their role. The most able ones can be largely freed from the routine jobs of typing and filing—either as a result of an organisational division of labour or because each girl has her own word processor. And as prices fall, which they are bound to do in the next few years the latter will become more of an economic possibility than it is at present.

Secretaries will then be at liberty to undertake more rewarding tasks and some at least will be able to clock up the kind of experience that will fit them for promotion to management posts. The net result could one day be to give back to secretarial work the appeal that it so evidently lacks at present.

Sue Cameron

Costs

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their sophistication and range of facilities will increase. Thus their attraction to wider sections of the market continues to grow.

The manufacturers tend to agree that the market has, over the past 12-18 months, begun to take off. Most were disappointed by initial response when they began to offer their machines in 1974-75: they blame relative lack of interest on the recession, and on the generally conservative nature of British office management. Now, however, management seems to have got the message.

The major manufacturers competing for their business are (in a generally accepted order of importance) IBM, Rank Xerox and Olivetti, with Kalle Infotech coming in strongly at the lower end of the market. IBM probably dominates, though Rank claims to be near equals.

Success

Rank says that the market—like Ancient Gaul—can be divided into three parts: the professional, the service industries and manufacturing industries. Initially, Rank has found greatest success in the first: principally because, it says, the head of a professional company—for example, a law firm—is intimately involved in the office work, and can readily grasp the savings a word processor can bring. Again, professional companies often require a great many pro forma letters, the area in which the word processor comes into its own.

However, service and manufacturing industries are beginning to show more interest: and it is the larger companies—according to Olivetti—which may present a considerable growth market in the future. This forecast is based on the estimation that some 80 per cent of mail in large companies is inter-company: memos and other information passed from office to office. For such needs, the word processor can be ideal—because it can communicate with its "fellows."

This machine-to-machine communication—known generically as electronic mail—will possibly be the area of largest growth in the immediate future. Electronic mail is presently being developed by the Post Office, and is the subject for high-level discussion between the Corporation's postal business and the telecommunications business. In its simplest form, electronic mail is the ability for a machine in one office to receive a copy of a letter stored in the memory of another machine in another office, transmitted along a telephone line. Once this form of communication is generally available, then it is obvious that the days of business mail are numbered.

Most of the word processors—such as the IBM System 6, the Rank 850 and the Olivetti 501—can communicate in this way. Olivetti thinks that if the growth in inter-office communications does occur, it will rule out compatibility problems, or at least keep them to a minimum, for the next few years. Businesses will naturally invest in one type of system: compatability will only become a problem when there is extensive communication from one business to another.

Mackintosh Consultants, in a recent report on the word processing market, sees further developments. There will be a tendency, Mackintosh believes, for data processing and word processing to be increasingly integrated into a single information processing unit. This process, it is thought, will be arrived at by an "evolutionary rather than a revolutionary process."

Milestone

Looking forward to the "office of the future." Mackintosh says "The development of an integrated office processing system represents an important milestone in the development of the concept of the all-electronic office. This is by no means the end of the road, however, and further extensions of existing developments can be anticipated. For example, it will not be long before many of the steel filing cabinets found in most offices are replaced by disc files and all office information is stored electronically in the computer. Such a system will provide both very rapid access to the information and improved accessibility from remote locations."

After that electronic speech recognition (the transcription of speech) will be the order of the day. But we have a long way to go before that.

John Lloyd

Smaller companies make their mark

CONSIDERING THAT word processors are a relatively sophisticated product in a small market dominated by International Business Machines with its $18bn turnover, it is remarkable that so many small companies are in the field.

More than 30 companies are currently offering their systems on the market, and they range from the very large multinationals like IBM and Philips to very small assemblers of systems. The entry of so many smaller companies is no doubt a consequence of the fact that word processors are an immature product which have grown out of fast-changing computer and component technologies.

The development of minicomputers and their associated systems companies has shown that small organisations often have the flexibility to introduce new ideas faster than their more powerful rivals. The small company can buy in highly developed components and peripherals like printers and display units and therefore ride on the very crest of technological developments.

Larger companies tend to be inherently slower, partly because of the complexities of their own structure, partly because they like to do much of the development work on components themselves and partly because they do not wish to make their own products obsolete too quickly.

However, there are now signs that the technology is beginning to stabilise and two basically separate groups of product are emerging: the cheaper "powered typewriter" with a limited memory, and the more expensive word processing systems using display units, printers and magnetic disc or tape storage, probably with communication and other facilities.

Although product development will still be important for some years, the emphasis is likely to change towards marketing, price competition and service networks, all aspects in which large companies have a natural advantage.

Pressure on the smaller companies will also be increased by the decision of several multinationals to move into word processing to challenge IBM. The most notable of these challengers are Philips and Xerox (Rank Xerox in the UK) with Olivetti and Adler making strong bids for the market from their secure positions as typewriter and small office computer suppliers.

Since many of the products are not all that different, the larger companies will base their marketing strategies on reassuring customers about three main points.

The first is upward compatibility, by which they mean that each product is part of a family which has as many common features as possible. Thus customers will be told that even if technology changes, files stored on one magnetic medium will be able to be transferred to a new system or used on a later generation of machines.

The second emphasis will be on service support, particularly by companies which already have an established network for servicing office products. Rank Xerox, for example, with its dominance of the office copier market hopes to capitalise on its reputation for service.

Predictions

The third main selling point for the larger companies will be the argument of security. As one multinational put it: "If somebody buys from us he can be pretty sure that we will be around in ten years' time. You can't say that of some of our competitors."

On the other hand, predictions that the industry will see a shake-out have been made repeatedly for several years, but far from contracting, the number of companies entering the word processing market appears to increase every year. Indeed, some relatively small companies like the UK-owned Dataplex appear to have been quite successful in carving out a niche on the market for themselves.

Because of the undeveloped state of the UK market, it is hard to be sure of market shares beyond the fact that IBM is the leader by a long way with an estimated half share of the installed base. Claims for second place have been made this year on behalf of Rank Xerox, Kalle Infotec and Olivetti. The picture looks somewhat different depending on which sections of the market are included and whether installed base or new placements are considered more important.

One reason for the widespread interest by office equipment and electronic companies in word processing is that growth in the early-1980s is generally expected to be fast, perhaps even spectacular.

Even up to 1979, Mackintosh Consultants is predicting an annual growth in the UK of 22 per cent in the installed base in value terms. In Europe as a whole, brokers Scott Goff Hancock and Co. suggest annual revenues from word processing could reach £250m by 1980, of which they believe Rank Xerox should be able to secure a share of about 20 per cent.

One of the difficulties facing a potential buyer is that although the companies selling word processors are very diverse, the products often bear a marked similarity to each other.

Until recently, for example, the majority of systems were based on an IBM selectric typewriter. Though now there is a general move towards daisy-wheel printers for the more up-market systems, these are mostly obtained either from Qume or Diabolo. Furthermore, an increasing emphasis on upward compatibility with computer systems has led manufacturers to design systems which can hook up with an IBM processor.

In spite of these similarities of the different makes of machines, there has so far been little evidence of intensive price competition. Most manufacturers have been content to fall in behind IBM and accept that relatively high margins are needed in the initial phase. This fact probably accounts for the continued presence of so many companies in the field.

However, as component costs continue to fall and a mass market begins to develop, a general sharpening of competition can be expected. The Butler Cox Foundation predicts a reduction of 50 per cent to 60 per cent of the real costs of word processors in the next five years, though it says: "In practice such a large drop will probably not be apparent because the capacity of the device will be simultaneously enhanced."

It is possible, however, that increasing price competition, perhaps emanating from Japanese companies like Ricoh, could put severe pressure on some of the smaller companies in the field.

Butler Cox says: "We expect IBM to dominate the market and to influence its development as it has in data processing and indeed in automatic typewriters.

"The market is likely to stabilise within about five years, with a drop in the number of suppliers. Users will be particularly concerned to acquire equipment from viable suppliers and they will be determined to ensure that it is cost effective. Their caution will act as a brake on market expansion, though the main determinant will be the availability of funds for investment. This will favour rented or leased equipment.

M.W.

The pace of dictation

MOST EXECUTIVES would undoubtedly agree that a good secretary is worth her weight in gold. Whatever the state of the economy Britain's 3m secretaries and typists remain very much in demand, according to successive office surveys. Yet many companies have been slow to regard secretaries as an important part of the management team and make the fullest use of her capabilities. For the expenditure of only a fraction of a secretary's salary and overheads, the addition of sophisticated office equipment can substantially improve office productivity.

One of the main pieces of equipment that can be used in this way is dictation machines. These can ensure that the fullest use is made of a secretary's time: surveys show that using a dictating machine can produce letters several times as fast as by conventional dictating techniques.

Yet given such benefits, the dictation equipment market has been one of the last to come out of the slump in the overall office equipment sector. Now the major manufacturers of dictation equipment are looking to substantial sales growth to make up for lost time.

Dictation systems fall into three categories, depending on where it is done and how much is required. These categories are: outside the office, heavy in-office dictation, and moderate to light in-house dictation.

Portable units are well-suited for dictation performed away from the office. Desk-top machines are better for executives who do a substantial amount of dictation at their desks. Centralised systems are designed for offices in which there are a number of people who use the equipment infrequently and has a group of typists, usually in a word processing centre, to transcribe the tapes.

Centralised dictation systems are not recommended for high-use by one person because such volume ties up the machine for a longer length of time than a normal work processing cycle would allow and still maintain an efficient turnaround time for all of the principal users involved. Centralised systems can also be used from locations outside the office. Executives can phone in and be connected directly to the system from the company's internal telephone system.

Most office dictation, however, is performed on stationary desk-top machines. For the manager who produces a substantial amount of correspondence, the desk-top dictation units sold nowadays offer a wide variety of input features. These allow users virtually unlimited review and instruction control over their dictation.

The Business Equipment Division of the Dutch multinational Philips Industries, has just launched in the UK a new range of desk-top dictation machines designed to use its newly developed "mark and find" mini-cassettes. One of the basic problems of dictation systems is that of knowing what is on the tape before the secretary starts to transcribe it. But with the new Philips system, secretaries will be able to find any special instructions and identify the beginning and end of letters.

Philips claim the system is technically far in advance of any other system on the market. The system is based on a special material called Particle Orientated Paper (POP) which, like so many other technological developments, was a by-product of the U.S. space programme.

This special strip of paper runs on both sides of the cassette along the top edge. The paper exhibits the characteristic of changing colour from green to black when touched with a magnet. If the magnet is small enough, say a stylus, then the change of colour appears as a black dot.

Instructions

The POP strip is graduated to coincide with the 15 minutes of recording time on each side of the cassette. It is also divided into an upper section for recording an end of letter mark, or dot. This clearly shows where the end of letter is and according to the number of dots along its surface, also gives an immediate visual reference of how many letters are on that side of the cassette and length of these letters. The POP strip also has a lower section for indicating where special instructions, if any, appear on the tape. These also appear as black dots, but in the lower section.

A further significant advantage is that the POP indexing strip, because it is integral with each cassette, can no longer be lost.

Philips new system is called the 300 Series. The 302 is a general purpose dictation/transcription machine. The 303 is a de-luxe automatic machine and the 304, a new departure for Philips, is a transcription machine especially for the secretary.

IBM's main dictation system being marketed in the UK is the 6:5 cartridge dictation system, which can be used in a number of ways in the office according to specific needs. The system can be built up from the basic of one recorder and transcriber used for one person only, to systems using a microphone network to link several executives to a recorder. The 6:5 can also provide, over a company's internal telephone system, telephone dictation facilities for an unlimited number of people.

The heart of IBM's system is a cartridge containing 2½ hours recording time on 25 magnetic discs. Each disc can record up to six minutes of dictation. Two cartridges—50 discs—can be loaded into the recorder together to provide up to five hours of recording time. These five hours are divided into six minute segments which can be removed individually or in batches for transcription. The system is thus convenient for both the author dictating a long report, whose first page can be typed while he dictates the second, and for the author dictating a short memo. A disc with an urgent memo can be put into a separate cartridge for immediate transcription. The cartridges are supplied in five different colours, for various applications such as priority or confidential work.

One of the features of IBM's dictating equipment is the ease with which you can make corrections or change your mind while you are dictating. This means that no matter how many false starts you may have, or how many times you change a phrase, typists receive error-free dictation.

To help executives make the best use of their dictating machines, IBM also publishes a short booklet which gives a practical guide to the technique of dictating. For example, it suggests that an executive assembles his thoughts before starting to dictate and to make sure that appropriate information is close to hand. "The result will be less time wasted on reviewing and correction and the tape will be easier for your typist to work from," it says.

David Churchill

Electronic mail on the horizon

TALKED ABOUT for many years probably since the birth of facsimile transmission, electronic mail first crossed the threshold between a possibility and a practical solution to an industrial problem some ten years ago when a director of the second largest public relations and advertising agency in the U.S. invented "instant reporting."

Something of a computer genius in his own right, he evolved a method of encoding the account executive's assessment of a client's needs so that a report could be produced quickly and accurately at a terminal, checked for content — and spelling — by a central computer in the latter's spare time, and then distributed to branches all over America. A great deal of interest was aroused, both in the Burroughs equipment used by the company and the text-handling procedure.

Since then, with the advent of the "clever" word processor, the speeding-up of facsimile capabilities to a few seconds for an A4 page by Muirhead, and intensive efforts by European and U.S. manufacturers, including IBM, to bring down the cost of a facsimile terminal to a few tens of dollars, true electronic mail systems have been brought very much closer.

Already services are being offered in the U.S. which come *very close to the present definition* of this method of information transfer. Competing with the U.S. Post Office — which has frequently been warned by Congressional Committees to progress or go under—Western Union Electronic Mail has been set up as a wholly owned subsidiary of Western Union Telegraph Corporation. Its objective is to provide a guaranteed 24-hour mail delivery service.

The "Mailgram" network presupposes installation of 1,200 terminals at user sites to speed preparation of messages, cutting the cost of traditional mail preparation and speeding up its transmission enormously compared with what U.S. users are accustomed to. This is achieved partly through a "clever" terminal by Digi-Log and partly through an array of central processing equipment including Univac and Interdata machines.

Users gain access to the network by dialling a charge-free number. New users are re*quired to set up a data* base of standard messages and address lists which are stored centrally. These are identified by five-figure codes so that all the user has to do to set up quite complex texts is to provide the correct sequence of codes, cutting preparation time enormously and, similarly reducing message transmission time.

Such messages would be prepared and checked on the terminal display followed by transmission to the switching centre, once the latter has checked the user's right to be on the line. The message is verified and an accept or reject signal sent to the originator. If accepted a log number is assigned, the message is switched over the Western Union land and satellite network to the post office at the receiving end ready for morning delivery.

Atom

This is a service backed by a large common carrier organisation. Some big companies have started or are starting their own internal services and, interestingly, Combustion Engineering did it without a preliminary study. Late in 1977 it set up a pilot project under the acronym "Atom," for Automatic Transmission of Mail. Nor every company could afford to go this way since the CE project is based on an IBM 168 computer costing several million dollars —but it does give CE offices with appropriate terminals the ability to create mail virtually anywhere in the world, or read, scan and forward (with notations) mail sent by others in the network, which gives each participant a secure electronic mailbox.

The pilot scheme is progressing well and includes the ability for executives who are travelling to use portable terminals and remain in constant day to day touch.

All this is, however, very small beer in face of the all-embracing plans of Satellite Business Systems. This organisation, which first saw the light *of day as "CML Satellite Corp"* in 1971, will in 1981 have the first synchronous satellite in orbit dedicated entirely to business communications—computer data, audio, video, conferencing and . . . document transmission.

The key to the vigour with which SBS is likely to pursue its goals lies in the fact that in 1974, IBM bought out two of the three original shareholders (Lockheed and MCI Communications). True, the Federal Communications Commission then demanded of IBM and Comsat that they take a third partner, Aetna Life, but the major impetus is coming from the giant computer company with an eye on estimates that U.S. business communications will grow to $61bn in 1980 and to $100bn in 1985.

Launch of the first satellite is expected for late 1980, with a full commercial service beginning in 1981. Two satellites will be active with one in reserve on the ground. Capacity of the system will be 43m bits (binary digits) of data per second or the equivalent of *14,000 voice circuits.*

The initial target is to sell the idea to over 400 companies in the U.S., following a series of studies of the five services mentioned above, including electronic mail, and of a number of undisclosed applications.

The electronic mail study showed that over the companies examined, some 50 to 80 per cent of documents generated could be captured electronically and 20 to 50 per cent could be facsimiled.

At the same time 50 per cent of company mail was internal to the total organisation while 40 per cent was aimed at other organisations. Of this last share, almost nine-tenths could be handled by satellite.

With several lengthy battles behind it in the U.S., both with the regulatory body (the FCC) and with opponents of any move to dilute line traffic, SBS is extremely guarded in its pronouncements about possible traffic to Europe.

But it seems very plain that the question is not "whether" but "when"? Firstly, many of the companies taking the service in the U.S. will have major affiliates in Europe—some doing more business in the EEC than at home. In the meantime, IBM and Comsat last year carried out a significant experiment to link up two computers 4,000 miles apart, at La Gaude in France and Gaithersburg in Maryland, using the Franco - German Symphonie satellite system.

Information was moved at 1.5m bytes of information a second, a *rate roughly 300 times* as much as can be provided by the ordinary telephone line. An error rate of one digit in 100m was achieved.

The experiments are to continue with a third earth station brought in to add complexity to the transmission problems, provided the FCC gives permission.

It is significant that part of the original testing was simulated facsimile transmission and that the IBM research and development target in this area of equipment is understood to be a unit that can scan a docu*ment at half a second per page.*

In Britain, Logica is carrying out a £1m study of the telecommunications scene for the whole of the EEC area and will take some 12 months to present its conclusions. This company has been involved in various aspects of communications and networking for years and won a number of significant data processing contracts on the basis of it.

The company's Tarifica report on telecommunications costs in *13 European countries will pro*vide part of the study basis. And not surprisingly, electronic mail will be one of the main chapter headings. Logica has already developed a word processing concept which will allow companies to progress towards a generalised electronic mail system as external services expand. Unilever and BP are users.

Now that a first European experimental communications satellite has finally been put into orbit, it may be that the European PTTs will overcome their aversion to rapid progress and begin to move towards a point where they can meet any SBS competition and provide counter-competition. After all, Canada has longer experience of satellite communication for business uses than even the U.S.

From the first European business communication satellite operating in 1985 or thereabouts to a universal business communications system where key company staff would each have a pocket pager capable of printing or displaying a message *from any origin and in complete* security, as envisaged by Multitone, is only a short step.

Ted Schoeters

Necessary growth of computers

IN A RECENT interview, Dr. Carl Hammer, who is a pioneer of data processing and director of computer science at Univac, asserted that, even now, civilisation as we know it would collapse were it not for the use of computers.

But men were going to have to depend more and more on these machines to run an increasingly complex society and the machines themselves would have to be altered to suit the problems to which they are going to be applied.

To underline his assertions, Dr. Hammer pointed out that Government agencies in technically advanced countries are collecting information about each individual in those countries at a rate now estimated at around 1m bytes per capita and per year, while in the U.S., *total information of this type is* expanding at a speed of 1m bytes per second.

Meanwhile, he said, the computers in America's Federal and State agencies were doing work which would otherwise demand the manual efforts of 400bn clerical workers.

He described the coming problems as belonging to the realm of "gigantics," a realm in which computers are the only solution. While it is hard to escape *the feeling that com*puter begets computer to the *n*th degree, Dr. Hammer is undoubtedly right in pointing out the vast span of new possibilities computers have opened up. And, looking at word processing and text editing in particular he saw these as areas for an especially rapid development in technology, which by the turn of the century could make existing secretarial functions redundant—in the U.S. at present some 10m people are doing work of this type.

The human element would be eliminated through development of high quality text-to-voice and voice recognition equipment—already existing in a comparatively primitive form. It would mean that a letter could be produced by a machine as fast as its user could speak it.

Whether Dr. Hammer is right or not in his turn of the century timing will be verified by many reading this text. What is certain is the speed at which word *processing is expanding*, particularly of computer-based equipment which, according to Olivetti is moving to users at a rate which this year will show a growth which could be as much as 40 per cent.

Emphasis

The company is moving up quickly to the Number 2 position and believes that, as time goes by, customers will place greater emphasis on the ability of the unit to communicate so that it can function as an electronic mail terminal. In other words its processor will have to become more powerful.

More power is also needed to meet the requirements of a large sector in the middle of the market where *information* retrieval is becoming most important. The company is launching a software package to interface word processing and information retrieval. It has also developed WP *machine-to-machine* and *machine-to-com*puter communications facilities for its TE5 501, a unit which is helping to solve the EEC's worst headache—its six language translation problems which will not be helped by the addition of communications in Greek, Portuguese and Spanish.

Olivetti marketing experts see a considerable growth potential for electronic typewriters with simple magnetic storage at the low end of the WP market. In this they are at variance with a recent study of the word processing arena carried out by the Butler Cox Foundation, until now, restricted to membership.

In the study, intended to help office managers to make a choice, Butler Cox points out that there are 30 suppliers of such devices in Britain with only 7,000 machines installed, or under 2 per cent of the total typewriter population and that the same applies in Europe as a whole. However, it sees display word processors as quickly becoming generally justifiable in intensive use areas regardless of work mix, and even when the *work load is not* heavy, they will be used for their ability to communicate.

Butler Cox sees the stand-alone versus shared logic debate disappearing because of a merging of the areas over the next two or three years, partly because of the rapid growth in the power of the electronic elements used—higher performance microcomputers with solid-state memories of greater capacity, used either in hard-wired or software-operated form; mini-computers with capa*bilities virtually indistinguish*able from those of large general purpose machines; and mainframes which manufacturers are having to improve to beat off the above competition. Work stations themselves will become multi-functional to cover data entry, information retrieval and problem solving as well as word processing.

Conclusions

In its conclusions, the report says that in 5 years, today's equipment will cost 60 per cent *of today's prices which suggests* that many businesses would be well advised to move into limited use of display word processors now.

This is, of course, music to the ears of organisations such as Wang, Rank Xerox and Logica, all of whom have concentrated on video typing systems supported by computers. Logica has recently expanded the power of its Unicom WP equipment, giving it ability to support 16 input screens and keyboards, up to 20 Megabytes of disc storage on-line to the computer and *with more power*ful discs to come.

Logica claims a cost per station of £6,800 to £8,000 which is less than many stand-alone WP systems, it asserts, yet gives users a 50 to 100 per cent greater productivity increase over conventional office equipment than is possible with stand-alone units. Logica bases this claim on the fact that the shared central machine has inherently superior storage and management ability.

The debate will undoubtedly *end when builders of stand*-alones offer connectability as a matter of course.

Ted Schoeters

OVERSEAS MARKETS + FOREIGN EXCHANGES

INTERNATIONAL BONDS

Falling dollar depresses market activity

BY FRANCIS GHILES

AS IF the continuing rise in interest rates was not enough (Citibank joined other leading U.S. banks last week in raising its prime rate) the bond market had to face a fall in the value of the dollar against the stronger currencies last week.

There is now only one straight bond on offer in the market, the $50m private placement for the European Steel and Coal Community.

In the floating rate sector only the $30m for Arab International Bank remains on offer. This sector of the market did, however, put on a better performance than the straight bond sector.

The two floaters priced last week were increased, the $25m for Banque Worms by $5m and the $125m one for National Westminster by $25m thus making it the largest floater ever launched in this market. Floating rate notes are usually placed with other banks but in the case of National Westminster good institutional demand was reported by some dealers. Both issues held up well in the secondary market. Banque Worms was trading at 98¾-99 on Friday afternoon and National Westminster at 98¾-99¼.

The straight sector was weak though a technical rally occurred on Thursday and went on through Friday thanks to a better than expected performance of the National Westminster straight bond. On Friday it was being traded at 98¾-99¼, a price slightly above the limit of the selling group discount.

The only other issue priced during the week was the convertible for Tyco Laboratories, which was increased by $5m to $25m. U.S. convertibles are rare animals; but despite this one having its coupon set at the tighter end of the spectrum (the conversion price was set at $21 for a premium of 6.33 per cent over the $19¾ closing share price on May 31), it held up well in the secondary market. On Friday Tyco was being traded at 99-99¾.

None of the straight issues priced the week before was doing well in the secondary market; Canadair was quoted at 97-97½, AGA at 97¾-98¼, while the performance of Dominion Bridge was particularly lack-lustre: it had sunk to 96¼-96¾ by the end of the week. The weakness of the straight sector also caused the $60m for Mexico's Comision Federal de Electricidad to be held over for the second week running.

Fuji Bank will offer $20m of three-year floating rate certificates of deposit. The issue will be managed by Fuji International Finance and the interest rate will be set at one quarter point above the London interbank rate.

The Yankee bond market was also weaker last week: the preference displayed by many investors for shorter term paper was illustrated by the shortening of the maturity of the $100m bond for Finland, from seven years to five. This enabled the manager to improve the terms offered to the borrower. In the secondary market, French issues are holding up better than those of some other recent European borrowers, a reflection no doubt of the more optimistic perception of the financial and political outlook in France. The terms of the Caisse Centrale de Cooperation Economique are expected to be announced tomorrow.

The dollar's weakness had the usual result of pushing up prices in the Swiss Franc and Deutsche Mark sectors of the market. Turnover in the latter improved last week with prices moving up by anything from one half to a full point. Better conditions in the domestic bond market in Germany also helped.

Japanese convertibles did particularly well, helped by a rising Yen and even more important, by the strong performance of the Tokyo stock exchange.

The Sankyo convertible was trading at 100-105¼ at the end of the week while Seiyu Stores was quoted at 100-101½.

A decision on whether to reopen the primary market is expected this week when the Sub-Committee on Capital Markets meets in Frankfurt. While most bankers were ruling out a reopening a week ago, some are now more optimistic.

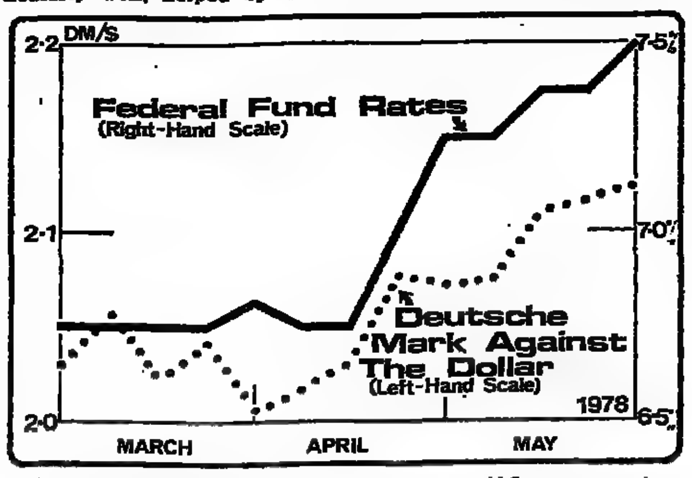
The liquidity in Kuwaiti Dinars is leading to an increase in the number of bonds denominated in this currency and an improvement in the terms offered to borrowers. Twelve-year maturities are becoming more frequent as witnessed by the two latest bonds, for Banco Nacional de Credito Rural and Banque Nationale d'Algerie. The latter was increased by KD 1m and priced at par. The next bond will also be for an Algerian borrower, Compagnie Nationale Algerienne de Navigation: the amount is expected to be KD 10m and the maturity twelve years.

BONDTRADE INDEX AND YIELD

	June 2		May 26		High	Low
Medium term	99.19	8.04	99.41	7.96	99.84 (19/4)	99.15 (16/2)
Long term	92.99	8.69	93.46	8.61	94.07 (19/4)	92.99 (1/6)

EUROBOND TURNOVER (nominal value in $m)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	1,418.9	1,634.5	292.4	385.2
Cedel	618.9	497.1	284.5	213.8



Note: Federal Funds rates, the key short term U.S. money market rates, are those at which banks in the U.S. will lend to each other spare balances they have with the Federal Reserve above the minimum reserve requirement.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
††§Ito-Yokado	50	1993	—	*	*	Goldman Sachs	*
††Ito-Yokado	20	1983	5	*	*	Goldman Sachs	*
††CCCE (g'teed France)	75	1998	13	*	*	Dillon Read	*
‡††Finland	100	1983	5	8¾	99.4	Salomon Bros.	9.09
‡§Tyco Laboratories	25	1988	—	8½	100	Kidder-Peabody	8.5
‡**EIB	60	1986	¶	8¼	99½	Ist.Ban. S. Paolo	8.42
‡NatWest	75	1986	8	9	100	County CSWW, Orion	9.0
‡†NatWest	150	1990	12	5½‖	100	County, CSWW, Orion	5.58
‡†Banque Worms	30	1985	7	5¾‖	100	CSWW, First Chicago	5.83
†Arab Int. Bank	30	1983	5	6¼‖	*	UBAF	*
**ECSC	50	1987	9	8¾	99½	Banca Comm. Italiana	8.79
YEN							
‡ADB	15bn	1993	12.3	6.3	99¾	Nikko Sec.	n.a.
KUWAITI DINARS							
‡BNA	8	1985-90	—	8¼	100	KIC	8.25
SWISS FRANCS							
Oy Nokia	20	1990	n.a.	5	*	Banque Scandinave en Suisse	*
SAUDI RYALS							
BNCE (g'teed Morocco)	200	1983	5	8½	100	UBAF	8.125

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund. Note: Yields are calculated on AIBD basis.

Indices

NEW YORK—DOW JONES

	June 2	June 1	May 31	May 30	May 26	May 25	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	847.54	840.70	840.61	834.20	831.68	855.41	858.37 (17/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bu'ds*	87.96	87.96	88.01	88.14	88.19	88.73	90.36 (4/1)	87.86 (1/6)	—	—
Transport	226.04	224.56	223.85	224.09	225.70	224.14	251.50 (22/5)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.99	106.75	106.51	104.67	104.47	104.55	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	31,860	26,730	26,060	21,046	21,410	26,410	—	—	—	—

*Basis of Index changed from August 24

	May 26	May 19	May 12	Year ago (approx.)
Ind. div. yield %	5.59	5.46	5.51	4.87

STANDARD AND POORS

	June 2	June 1	May 31	May 30	May 26	May 25	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	108.48	107.60	107.51	107.08	106.78	107.05	110.51 (17/5)	96.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	98.14	97.55	97.24	96.86	96.58	96.80	99.60 (17/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 31	May 17	May 10	Year ago (approx.)
Ind. div. yield %	5.01	4.86	5.04	4.51
Ind. P/E Ratio	9.29	9.55	9.16	10.01
Long Govt. Bond yield	8.51	8.42	8.45	7.67

N.Y.S.E. ALL COMMON

June 2	June 1	May 31	May 30	1978 High	1978 Low
55.85	54.59	54.52	54.50	55.68 (17/5)	48.47 (6/3)

Rises and Falls

	June 2	June 1	May 31
Issues traded	1,889	1,893	1,891
Rises	930	711	928
Falls	538	731	546
Unchanged	421	451	417
New Highs	—	56	67
New Lows	—	52	44

MONTREAL

	June 2	June 1	May 31	May 30	1978 High	1978 Low
Industrial	181.55	180.95	180.95	180.96	185.61 (23/5)	162.30 (16/2)
Combined	190.39	190.43	190.26	190.07	192.86 (23/5)	170.82 (30/1)
TORONTO Composite	1152.5	1136.9	1128.9	1123.2	1156.5 (23/5)	984.2 (30/1)
JOHANNESBURG Gold	212.8	215.0	(c)	212.4	215.7 (1/2)	165.0 (20/4)
Industrials	226.1	226.0	(c)	225.0	226.1 (2/6)	194.9 (15/5)

	June 2	Pre-vious	1978 High	1978 Low
Australia (§)	497.71	496.92	501.05 (30/5)	441.19 (1/3)
Belgium (‖)	95.78	95.70	101.16 (6/5)	95.45 (23/5)
Denmark (**)	96.23	95.86	98.15 (9/1)	94.00 (6/2)
France (††)	69.2	71.1	71.2 (30/5)	47.8 (6/2)
Germany (‡‡)	795.9	783.8	812.1 (10/2)	759.4 (17/5)
Holland (§§)	85.1	85.3	85.3 (1/6)	76.0 (4/4)
Hong Kong (¶¶)	479.55	477.35	479.55 (2/6)	383.44 (13/1)
Italy (‖‖)	62.65	62.92	64.25 (22/5)	55.46 (10/1)
Japan (a)	409.13	408.61	416.11 (4/4)	364.04 (4/01)
Singapore (b)	317.64	316.98	312.28 (1/6)	283.0 (1/6)

	June 2	Pre-vious	1978 High	1978 Low
Spain (d)	103.66	103.66	110.76 (9/5)	87.56 (17/3)
Sweden (e)	369.41	369.24	397.95 (6/6)	306.74 (8/1)
Switzerl'd (f)	289.3	288.7	323.7 (14/2)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (§) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—105½% (105%)
Effective rate ($1.8230) 44% (44%)

NEW YORK

CANADA

GERMANY ●

JOHANNESBURG

MINES

June 2	Rand	+ or —
Anglo American Corpn.	5.15	
Charter Consolidated	3.38	
East Driefontein	12.95	+0.15
Elsburg	1.93	
Harmony	5.30	
Kloof	6.80	+0.10
Rustenburg Platinum	1.45	
St. Helena	13.90	−0.10
Southvaal	7.90	+0.10

INDUSTRIALS

Securites Rand US$0.73½ (Discount of 36.30%)

AUSTRALIA

June 2	Aust. $	+ or —
ACMIL (25 cent)	†0.70	—
Acrow Australia	†0.81	—
Allied Mng. Trdg. Inds $1	†2.20	
Ampol Exploration	†1.30	−0.04
Ampol Petroleum	†0.78	−0.01
Assoc. Minerals	†1.20	

PARIS

June 2	Price Frs.	+ or —	Div. Frs.	Yld. %
Rente 4½	738.0	+2.5	4½	0.6
Afrique Occid't'e	400	+2	21.15	5.3
Air Liquide	298	−11	16.5	5.5
Aquitaine	464.6	−12.4	26.25	5.6
BIC	523	−19	15.95	2.7
Bouygues	808	−29	42	5.2
B.S.N. Gervais	558	−11	40.5	7.3

AMSTERDAM

TOKYO ¶

COPENHAGEN ●

STOCKHOLM

BRUSSELS/LUXEMBOURG

VIENNA

BRAZIL

OSLO

SPAIN ●

SWITZERLAND ●

MILAN

HONG KONG

Source Nikko Securities, Tokyo

† Ex-dividend. ‡ Asked. § Traded. ¶ New Stock.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

FINANCIAL TIMES STOCK INDICES

—	June 2	June 1	May 31	May 30	May 26	May 25	A year ago
Government Secs.	69.35	69.90	70.13	69.92	70.10	70.47	68.55
Fixed Interest	71.33	71.70	71.77	71.76	71.99	72.10	69.55
Industrial Ordinary	475.5	478.2	478.8	472.5	476.1	477.3	457.8
Gold Mines	152.7	155.2	156.1	155.6	152.4	152.9	117.2
Ord. Div. Yield	5.56	5.53	5.52	5.59	5.55	5.52	5.09
Earnings Y'ld % (full) (*)	15.17	16.45	16.40	16.59	16.52	16.70	15.52
P/E Ratio (net) (*)	8.27	8.18	8.19	8.10	8.15	7.99	9.29
Dealings marked	4,998	4,831	4,342	4,575	5,568	4,479	4,652
Equity turnover £m	—	68.53	64.69	49.53	88.09	82.32	46.95
Equity bargains total	—	14,374	14,264	12,387	16,848	16,599	13,455

10 am 475.5. 11 am 473.6. Noon 473.9. 1 pm 474.2. 2 pm 474.2. 3 pm 474.3.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.11.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	69.36 (2/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/1)	71.33 (2/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 2	June 1
—Daily		
Gilt-Edged	178.3	141.5
Industries	173.8	175.3
Speculative	45.3	41.7
Totals	113.8	110.0
5-day Av'rage		
Gilt-Edged	148.2	159.4
Industrials	172.7	169.6
Speculative	41.1	40.1
Totals	110.7	108.3

FT—ACTUARIES INDICES

	June 2	June 1	May 31	May 30	May 26	May 25	A Year ago
Industrial Group	211.16	212.40	211.86	209.57	210.38	211.21	181.33
500 Shares	234.60	236.11	235.43	233.09	233.91	235.04	207.40
Div. Yield pc	5.40	5.36	5.40	5.45	5.42	5.39	5.43
P/E Ratio (net)	8.13	8.18	8.16	8.08	8.11	8.10	9.18
All Shares	216.11	217.24	216.74	214.45	215.29	216.31	189.21

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ○ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

† Property Growth 9½%
† Vanbrugh Guaranteed .... 9 %
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
1J	1D	Japan 4pc '10 Ass.	360xd	1.6	—	—
30J	31D	Do 6pc '83-88	70	31	6	11.40
1A	1O	Peru Ass.3pc	155	3.4	3	1.95
30J	31D	S.G.I. 6½pc 1980	75	31	6½	8.67
May 1		Turin 9pc 1991	$94½	2.5	9	9.52
15A	15O	Turin 6½pc 1984	DM91	17.4	6½	10.70
1F.M.A.N.		Uruguay 3½pc	94	2.5	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14J	14Ju	Treasury 10½pc '78‡‡	100⅜	8.12	10.48	8.85
26M	26S	Exch. 5pc '76-78‡‡	98[illegible]	17.2	5.06	8.78
2M	9S	Treasury 11½pc '79‡‡	101¾	31.1	11.30	8.98
17M	17S	Treasury 3pc '79‡‡	94[illegible]	8.2	3.16	7.16
26M	26S	Electric 4½pc '74-79	95⅝	17.2	4.46	8.00
1M	1N	Treasury 10½pc '79‡‡	100[illegible]	28.3	10.48	10.29
15M	15N	Electric 3½pc '76-79	95[illegible]	10.4	3.67	6.90
3M	3S	Treasury 9pc 1980‡‡	97⅞	25.1	9.22	10.48
14M	14N	Treasury 9½pc '80‡‡	99½	7.4	9.64	10.35
15J	15D	Treasury 3½pc '77-80	93xd	9.5	3.76	7.28
15J	15D	Funding 5¼pc '78-80‡‡	94xd	9.5	5.58	8.54
25M	25N	Exchequer 13pc 1980‡‡	103[illegible]	18.4	12.54	11.21
15J	15Ju	Treasury 11½pc 1981‡‡	100¼	9.12	11.47	11.36
15F	15A	Treasury 3½pc 1979-81	88⅝	9.1	3.95	8.28
1A	1O	Treasury 9¾pc 1981‡‡	96⅝	23.2	10.09	11.15
12J	12D	Exch. 8¼pc 1981	93xd	—	8.87	11.04
4F	4A	Exch. 9½pc 1981	95	29.12	10.00	11.41

[illegible]

AMERICANS

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Yld Gr's
Apr. Oct.	ASA	16¼xd	8.5	80c	—	2.8
September	AMF 5% Conv. '87	60½xd	15.5	5%	—	f4.6
Ma.Ju.Se.De.	Amax $1	27⅝xd	4.5	$1.75	—	3.6
Ja.Ap.Jy.O.	American Express	29½	4.4	$1.40	—	2.7
April	Amer. Medic. Int.	19⅝xd	12.4	30c	—	0.8
December	Asarco Inc.	13⅞xd	3.5	40c	—	1.7
No.Fe.Ma.Au.	Baker Intnl. Corp. $1	20½xr	3.5	64c	—	1.8
Mr.Ju.S.D.	Barnes Grp $6⅔	17½xd	25.5	90c	—	3.0
D.Mr.Ju.SP.	Bendix Corp. $5	31⅛	6.3	$2.28	—	4.2
M.Je.S.D.	Beth. Steel $8	19¼xd	4.6	$1.00	—	2.9
Ja.Ap.Jy.O.	Brown'g Fer. c16⅔	10½	16.3	40c	—	2.1
F.My.Au.N.	Brunswick Corpn. ‖	12½	18.4	70c	—	3.2
Ap.Jy.O.Ja.	Burroughs Corp. $5	56¾	30.3	$1.00	—	1.0
MrJuSeDe	CBS $2.50	44	27.7	$2.40	—	3.1
J.Ap.Jy.O.	C.P.C. $⅓	39⅛	27.3	$2.50	—	3.6
F.My.Au.N.	Caterpillar‖	44	19.4	$1.80	—	2.3

[illegible]

CANADIANS

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	19	871	—	—
1J	1J	Do. 5pc Pref.	33xd	30.5	—	—
1J	1J	Chilean Mixed	98	3.1	3	13.10
1J	1D	German Yng. 4½pc.	405xd	1.12	4½	—
1M	1N	Greek 7pc Ass.	54xd	2.5	3½	f6.48
1F	1A	Do 6pc '28 Stab. Ass.	51	1.2	6	f6.00
1A	1O	Do 4pc Mixed Ass.	43	3.4	4	f4.76
May 1		Hung. '24 Ass.	55	2.5	4½	5.00
30J	31D	Iceland 6½pc '83-88	67xd	30.5	—	12.80
10J	10J	Ireland 7½pc '81-83	84¾	12.12	7½	12.38
1M	1S	Do 9½pc '91-96	79¼	15.2	9¾	13.02

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Sept.	Mar.	Hong Shng. $2.50.	264	25.5	hQ59c	—	2.8	—
June	Nov.	Jessel Toynbee	73	2.5	4.09	—	8.5	—
Jan.	June	Joseph (Leo) £1	190	28.11	†8.01	—	6.4	—
Feb.	Aug.	Keyser Ullmann	52xd	30.5	0.66	—	1.9	—
June	Dec.	King & Shax 20p.	59	15.5	3.39	—	8.7	—
May	Nov.	Kleinwort B.L.	103	3.4	4.12	—	6.1	—
Aug.	Apr.	Lloyds £1	280	27.2	9.09	5.5	4.9	5.6
Jan.	Sept.	Manson Fin. 20p.	45	30.1	†2.79	1.5	9.4	11.2
	Sept.	Mercury Secs.	112	25.7	3.39	—	4.6	—
July	Apr.	Midland £1	360	2.5	14.75	4.3	6.2	5.6
Dec.	June	Do. 7¾% 83-93	£87	14.11	Q7¾%	21.1	f8.6	—
June	Dec.	Do. 10¼% 93-98	£83	15.5	Q10¼%	21.1	e13.2	—
Jan.	July	Minster Assets	59xd	30.5	3.55	φ	9.1	φ

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

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[illegible]

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[illegible]

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[illegible]

FOOD, GROCERIES—Cont.

[illegible]

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[illegible]

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[illegible]

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MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last £	Div Net	Cvr	Y'ld Gr's
Nov. May	Falcon Rh.50c	185	34	Q50c	1.3	23.1
May	Rhod'n Corp. 16½p	16	17.4	0.56	7.1	5.3
—	Roan Cons. K4	80	12.75	—	—	—
Dec. July	Tanganyika 50p	165	17.10	10.00	ϕ	6.0
Jan. July	Do. Pref. 80p	90	12.12	Q9%	16.4	8.0
Nov. May	Wankie Col. Rh.1	36	17.4	†Q7½c	1.4	17.8
—	Zam.Cpr.SBD0.24	16½	11.74	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last £	Div Net	Cvr	Y'ld Gr's
—	Acmex 25c	15	—	—	—	—
Nov. Apr.	Bougainville 50Toea	127	14.3	Q8c	1.4	3.9
—	BH South 50c	94	9.74	—	—	—
Oct. May	Conzinc Riotinto 50c	230	14.3	Q10c	2.2	2.7
—	G.M. Kalgoorlie $1	53	6.67	—	—	—
September	Hamptn Areas 5p	132	25.7	1.45	4.1	1.7
—	Metals Ex. 50c	34½	—	—	—	—
Dec. Apr.	M.I.M. Hldgs. 50c	208	13.2	Q9c	1.7	2.7
—	Mount Lyell 25c	36	—	—	—	—
—	Newmetal 10c	5½	—	—	—	—
June Nov	North B. Hill 50c	119	15.5	Q8c	1.5	4.2
—	Nth. Kalgurli	15	—	—	—	—
June Nov.	Oakbridge $A1	159	7.4	†Q11c	1.9	4.3
—	Pacific Copper	47	—	—	—	—
—	Pancont'l 25c	£13½	—	—	—	—
—	Pariaga M&Ex. 5p	35	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	505	19.9	Q15c	4.0	1.8
Oct. May	Westn. Mining 50c	124	3.4	Q6c	1.4	‡
—	Whim Creek 20c	60	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last £	Div Net	Cvr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	26	15.5	†2.51	1.6	14.6
Apr. Oct.	Ayer Hitam $M1	350	13.3	‡Q67c	0.9	‡
Apr. Oct.	Beralt Tin	55	8.3	3.75	4.4	10.8
Jan. July	Berjuntai $M1	280	3.1	‡Q110c	ϕ	‡
Feb. Oct.	Geevor	137	16.1	h4.51	3.4	5.0
—	Gold & Base 12½p	10	10.74	—	—	—
June Dec.	Gopeng Cons.	290	17.4	15.0	0.9	7.9
—	Hongkong	165	11.67	—	—	—
May Nov.	Idris 10p	68	17.4	12.0	1.6	21.8
—	Jantar 12½p	11	4.67	—	—	—
—	Kamunting $M0.50	68	—	ZQ15.5c	0.7	4.9
Jan. July	Killinghall	480	12.12	Q125	ϕ	26.0
April	Malay Dredging $M1	390	13.3	†Q95c	0.8	5.2
—	♦Pahang	70	9.75	‡Q3.75c	0.5	‡
Mar. Sept.	Pengkalen 10p	62	30.1	6.5	1.3	16.1
June. Jan.	Petaling $M1	210	12.12	†Q80c	1.6	3.7
Mar. Oct.	Saint Piran	54	3.1	g1.99	4.6	5.6
February	South Crofty 10p	56	3.1	b4.13	1.5	11.2
Jan. July	South Kinta $M0.50	200	3.2	tQ77.8c	1.4	8.4
June Jan.	Sthn Malayan $M1	300	3.4	tQ131.5c	1.1	9.4
—	Sungei Besi $M1	206	—	—	—	—
—	Supreme Corp. $M1	75	9.74	ZQ10c	—	2.9
May Nov	Tanjong 15p	92	17.4	6.5	0.8	10.7
Sept. Mar.	Tongkah Hrbr $M1	96	12.12	Q65c	1.6	12.7
Apr. Oct.	Tronoh $M1	210	13.3	ZQ88c	1.6	9.0

COPPER

Dividends Paid	Stock	Price	Last £	Div Net	Cvr	Y'ld Gr's
June Dec.	Messina R0.50	98	12.12	‡Q30c	1.9	‡

MISCELLANEOUS

Dividends Paid	Stock	Price	Last £	Div Net	Cvr	Y'ld Gr's
—	Burma Mines 17½p	15	5.75	—	—	—
Aug. Feb.	Cons. Murch. 10c	235	3.1	Q30c	2.6	7.6
November	Northgate C$1	415	30.9	—	—	—
Jan. June	R.T.Z.	228	2.5	9.5	2.8	6.3
—	Sabina Inds. C$1	36	—	—	—	—
—	Tara Expln. $1	£12	—	—	—	—
Nov. July	Tehidy Minerals 10p	43	2.5	1.33	ϕ	4.7
October	Yukon Cons. C$1	167	15.9	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ρ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	....
Ash Spinning	45	....
Bertam	22	....
Bdg'wtr. Est. 50p	270	....
Clover Croft	22	....
Craig & Rose £1	420	....
Dyson (R. A.) A	37	....
Ellis & McHdy.	62	....
Evans Fr'k. 10p	57xd	....
Evered	16½	....
Fife Forge	50	....
Finlay Pkg. 5p	24	....
Graig Ship. £1	150	+5
Higsons Brew	82	....
I.O.M. Stm. £1	150	....
Holt (Jos.) 25p	265	....
N'thn. Goldsmith	54	....
Pearce (C. H.)	158	+3
Peel Mills	20	....
Sheffield Brick	46xd	....
Sheff. Refrshmt.	52	....
Sindall (Wm.)	85	....

IRISH

Conv. 9% '80/82	£90½	+¼
Alliance Gas	73	....
Arnott	346	+6
Carroll (P.J.)	90	....
Clondalkin	98	....
Concrete Prods.	133	....
Heiton (Hldgs.)	41	....
Ins. Corp	148	....
Irish Ropes	130	....
Jacob	68	....
Sunbeam	34	....
T.M.G.	173	−2
Unidare	90	....

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lots"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	18	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	14
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

FINANCIAL TIMES
Monday June 5 1978

FT Monthly Survey of Business Opinion

Shortages of skills are growing, says industry

MANY INDUSTRIAL companies are now experiencing difficulties in recruiting staff. The complaints range from management and senior executive grades to manual labour and are particularly prevalent in the case of skilled factory hands.

Over half of the companies interviewed for the Financial Times business survey last month reported difficulties in recruiting factory staff with the requisite skill and experience.

Coming at this stage of the recovery in the economy, these reports are worrying. The survey shows that consumer demand is continuing to improve. But the upturn is slow and it has yet to filter through to other industries.

The slow rate of recovery does not hold out much promise of an early reduction in the number of unemployed. Most firms interviewed for the survey in the past four months expect to make do with the same or a smaller labour force over the next 12 months.

Apart from the level of demand and the difficulty of finding people with suitable skills, the main factors influencing forward manpower requirements are said to be plans to raise productivity and the cost of redundancy payments together with the effect of other employment legislation.

On this last point, it is said that one now has to be much more certain of an upturn before taking on more labour.

There is no sign as yet of a belief that inflation will start accelerating again in the autumn and winter. The median forecast increases for wage costs, total unit costs, and output prices remain fairly steady in the 10-12 per cent range.

The outlook for industrial investment also remains encouraging, with over half the latest all-industry sample expecting to spend more in volume during the next 12 months.

This is in spite of a noticeable reduction in optimism about the general business situation and the prospects for the UK economy.

The three sectors re-surveyed last month—electrical engineering, cars and consumer durables, and stores and consumer services—are hoping for a further recovery in profitability. But the rest of industry is much less sanguine about profits; and most sectors are less optimistic about maintaining the recent growth in export volume.

All in all, the outlook is dominated by the slow recovery of both the UK and other industrial economies, plus growing uncertainty about the next phase of pay policy and the approach of a general election.

Details, Page 28

EARNINGS ON CAPITAL

	4 monthly moving total				May 1978		
Those expecting earnings during current year to:	Feb.-May %	Jan.-Apr. %	Dec.-Mar. %	Nov.-Feb. %	Elect. Eng'g. %	Consumer Durables %	Stores %
Improve	43	36	41	32	73	82	87
Remain the same	27	37	28	24	—	—	—
Contract	27	25	28	38	27	12	13
No comment	3	2	3	6	—	6	—

Renault strikes challenge French incomes policy

BY DAVID CURRY PARIS, June 4.

STRIKES AND sit-ins by workers at two of the Renault motor company's plants are threatening to turn into the first big challenge to the French Government's post-election incomes policy.

Renault has lost no time launching a counter-offensive against the strikers—a small minority of the work force at each factory.

It has broken off the current round of negotiations with unions on working conditions and careers structure and is closing the Flins plant where about 400 workers in the heavy press shop are on strike for the first three days of the week.

The closure—described by the company as a postponement of work and by the unions as a lock-out—will affect 16,000 production workers at the factories, to the west of Paris.

The company is also seeking a court injunction ordering evacuation of strikers at the engine and gearbox factory at Cleon, near Rouen, for alleged interference with the right to work. About 300 workers are occupying the plant which employs 8,000.

The attitude of the regular trade union leadership is equivocal. The Communist-led CGT, traditionally the most militant union at Renault, has called on the management to resume negotiations immediately, but the company said it would not do so while the strike continued.

Until they find out to what extent the grievances of the men on strike reflect wider discontent on the shop floor, the unions are treading carefully.

Workers are being urged by the CGT to turn up at the Flins plant tomorrow in any case and the union is testing the temperature at other plants about sympathy action.

The strikers' main claims are for a minimum FFr 3,000 (£360) monthly salary, a 40-hour week with 35 hours for people on the more exacting jobs, a fifth week's annual paid holiday and retirement at 60. There are further demands relating to the conditions in each plant.

Renault is regarded as the weather-cock of industrial relations in France with a militant tradition among the workforce.

The Government has no choice but to offer battle if it wishes to make its wages policy—to permit the bulk of wage-earners to keep abreast of the rise in the cost of living—stick.

The next few months will be a critical period for the Government's attempt to win acceptance of its economic strategy. Its policy of increasing public sector tariffs to reduce state subsidies and the restoration to two companies of industrial price freedom will result in sharp increases in the monthly cost of living index.

Turkish plans, Page 3

THE LEX COLUMN

Not such a saving at Equity Bank

An organisation with the title Equity Capital for Industry ought to be a little more precise in its remarks about equity finance. For what has emerged from the ECI annual report last week—though more from the accompanying Press briefing than from the document itself—is the claim that the Equity Bank is prepared to offer companies finance "cheaper" than rights issues which for small companies may have to be launched on a discount of 25 per cent or more. In contrast, ECI may be prepared to take up a line of shares at a discount of under 10 per cent (as little as 6 per cent in the trail blazing case of UBM last year).

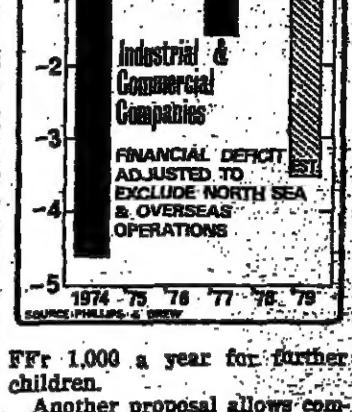
But some careful thinking is needed about just what is cheap or dear in these circumstances, and to whom. The first point is that size of the discount in a rights issue is not a factor in the cost from the shareholder's point of view, so long as existing shareholders take up their rights. That is why there has always been an argument, too rarely accepted, for really deep discounted rights issues which avoid the need for underwriting. But any discount, however small, given away to outsiders through a placing represents a real cost to existing shareholders unless they are unwilling to put up the same aggregate sum through a rights issue (at any price).

So long as ECI confines its attentions to situations where conventional rights issues are difficult, there will be no conflicts of interest. Controlling families may not be able to put up new money for instance. But it would be unfortunate if ECI were to encourage management in the notion that it offers a cheaper alternative when the conventional rights issue route is open to a company—especially as, to an ever increasing extent, ECI's own shareholders are likely to be important shareholders in the company.

French shares

For years the British private investor has been running down his equity portfolio. His logic cannot be faulted in the face of profit controls on companies, restrictions on the growth of dividends, and substantial tax incentives directing savers towards the institutions. But the political climate need not always be like this. Even now, in France, the Government is in the process of putting forward radical tax measures designed to expand the role of the small shareholder in industry.

The proposed measures fall into three categories. Most exciting perhaps is the proposal to allow households income tax relief until 1981 of FFr 5,000 (£650) annually for investment in shares. There is to be an additional relief of FFr 500 a year for each of a family's first two children, and



FFr 1,000 a year for further children.

Another proposal allows companies to create preference shares. Then, to encourage companies to raise new capital, dividends relating to new shares will be deductible from a company's own corporation tax liability for a period of seven years, instead of the present period of five years. For new preference shares the deduction period runs to ten years.

At the same time, however, the French Government is taking an opportunity to revise its earlier Capital Gains Tax proposals for share dealing, due to be introduced in 1979. Under these, investors are divided into three categories, according to whether share dealing forms the main, secondary, or merely incidental source of a person's income. Those in the first group will be taxed on gains as part of their income; the semi-professionals will be taxed at the flat rate of 30 per cent, while the occasional investor will be subject to a gains tax of only 15 per cent up to a maximum limit of FFr 100,000.

These highly appealing incentives come as part of a major French Government effort to reshape the country's industrial balance sheet where the ratio of debt to equity capital is now thought to be seriously out of line. In 1977, for example, out of total new issues of FFr [illegible] only 16 per cent was accounted for by increases in equity capital.

But it is not going to be easy to turn the property-conscious French into a nation of equity investors. At present only [illegible] in 35 French individuals is a shareholder, against one in seven in the U.S., or one in [illegible] in the UK. And as a proportion of gross savings, equity investment has fallen off [illegible] in recent years, representing less than 1 per cent in 1976.

Other aspects of the French wider share ownership plan include draft legislation requiring quoted companies to publish consolidated accounts—many are already doing so—and making more frequent disclosures of annual reports.

Company sector

Brokers Phillips and Drew are a trifle annoyed at the bearish mood in which the latest company sector finances forecasts have been received. For although they are projecting a sharp widening of the industrial and commercial company sector deficit from £1.1bn this year to £3.8bn in 1979, in real terms this does not remotely compare with the £4.6bn deficit of 1974 which is now intimately connected in investors' minds with the disastrous bear market. The figures, incidentally, are P. & D.'s adjusted version of official statistics with North Sea and overseas items eliminated as far as possible to make the numbers more relevant to the non-oil UK company sector.

The point is that such has been the extent of inflation in the past few years that a deficit of this projected size in 1979 would only be about two-fifths as large as the 1974 deficit in relation to money gross domestic product. So while there [illegible] implications for credit demand—net demand for money [illegible] estimated to rise from about £1bn in each of the years 1977 and 1978 to £2.7bn in 1979—in relative terms this is no great problem.

It does, it is true, become more serious because the Government refuses to make room for the private sector's credit needs. In fact, P. and D. are bearish about equities at present, because they are looking to further rises in interest rates. But the company sector deficit, on their reading, is not a cause for immediate concern.

Labour rebels demand veto on EEC decisions

BY RUPERT CORNWELL, LOBBY STAFF

LABOUR's powerful anti-EEC faction is stepping up pressure to make sure that the party's next election manifesto contains a commitment to ensure a Commons right to veto Brussels decisions affecting the UK.

This threat of yet more wrangling over Europe inside Labour ranks became clear at the weekend after a series of meetings culminating in that of the Safeguard Britain Campaign—highlighted by an appeal from Mr. Enoch Powell to voters to support only those candidates explicity opposed to Community membership, whatever their party.

Mr. Powell's speech, in which he accused Labour of "cynicism and immorality" in dropping its anti-Market line in Government, was not thought likely by most MPs to be particularly significant in electoral terms.

Labour demands for a manifesto pledge could be awkward, however, since they stem from Mr. Callaghan's peace-making letter last autumn to the National Executive Committee, in which he promised a "neo-Gaullist" approach to the Community and eschewed federalism.

To put this into practice, the anti-marketeers are seeking the maximum of changes in the 1972 European Communities Act that would involve a fundamental weakening of Brussels' authority over Westminster, although they stop short of withdrawal.

The Prime Minister will resist these demands, but even if he succeeds they are likely to crop up again when Labour tackles its separate manifesto for the first direct elections to the European Assembly.

Speculation about the forthcoming general election will overshadow the final phase of the session of Parliament which opens tomorrow—almost certainly the last before Mr. Callaghan goes to the country.

Rumours that the Prime Minister might hold a snap poll at the end of this month were heavily discounted yesterday by MPs. They are convinced that the devolution legislation, for which he said recently he would "go to the limit," must first be safely on the statute book before a probable October poll.

The Scotland and Wales Bills are now being considered by the Lords. Amendments made by the Upper House will be examined by the Commons next month, probably under a new guillotine procedure.

In the meantime the Prime Minister has the opportunity of two further by-elections at Penistone and Manchester Moss Side, to gauge public opinion.

Banking figures test for new targets

BY MICHAEL BLANDEN

THE first test of the Government's monetary policy under the new targets set for the current financial year will come tomorrow with publication of the mid-May banking figures.

The gilt-edged market has remained unsettled since publication of the April money supply figures. They showed that over the year to mid-April—the relevant period for the purposes of monetary policy—growth of the sterling money stock on the wider definition (M3) was 16¼ per cent.

This was well over the top of the Government's target range for the year of 9-13 per cent. For the new financial year the target has been slightly reduced to a range of 8-12 per cent.

Mr Healey, the Chancellor, warned in his Budget speech that growth of money supply might be relatively high in the early months.

Tomorrow's banking figures for the first month of the new year will therefore be examined with close interest in the City, with concern that the difficulties recently experienced by the authorities in selling gilt-edged stocks may again produce a high money supply growth figure.

Indicators of the general health of the economy include the final April figures for retail sales to be published tomorrow. So far this year they have been showing signs of a significant improvement.

The forecasts of industry's investment intentions for the current year and next year, due today, could, however, be less encouraging. These pointers have been revised downwards from the optimistic views expressed last year, and they will come against background of the drop in capital spending by manufacturing industry recorded in the first three months of this year.

David Freud writes: An attempt by back-bench MPs to win the means of overseeing public expenditure is likely to come to a climax next month in a full-scale Commons debate.

MPs want to strengthen the role of the Comptroller and Auditor General so that he becomes responsible for ensuring the efficiency of most state-run organisations. At the same time, they want him to become a member of the House of Commons staff.

Clash over the official audit Page 16

Europe seats plan for Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LABOUR PARTY could win as many as six of the eight European parliamentary seats in Scotland when direct elections are held next year.

The Boundary Commission's proposals for the new European constituencies were published yesterday. Those for England and Wales were announced two weeks ago.

Four European constituencies in the central industrial belt of Scotland, where more than half the electorate lives, are virtually safe for Labour.

They are Glasgow, where the party holds 11 of the 13 Westminster seats, East and West Strathclyde, and the Lothians, which includes Edinburgh.

In addition, Labour has a good chance of beating off the challenge of the Scottish National Party in Mid-Scotland and Fife, and or taking South Scotland—although that could produce a close contest between Labour, the Conservatives and the SNP.

On the basis of the October 1974 General Election results the Nationalists would comfortably take the remaining two seats: North of Scotland, which includes most of the Highland area and the islands, and North-East Scotland.

But the recent slump in SNP fortunes gives hope to the Tories here.

Mr. George Reid, SNP MP for Clackmannan and East Stirlingshire said yesterday that Scotland deserved more than eight European seats. Among EEC members with smaller populations, Denmark had 16 seats, Ireland 15 and Luxembourg six.

Mr. Russell Johnston, Liberal MP for Inverness, a prospective candidate for the European elections, said the proposals supported the Liberal assertion that Scotland should be one constituency returning eight members by proportional representation.

The Liberals hold three Westminster seats in Scotland, but are unlikely to win any European seats there. The average size of each Scottish European constituency is 473,000 voters.

NEDC will discuss overseas investment

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

OVERSEAS investment by UK companies is to be raised once more when Ministers, trade unionists and managers meet at the National Economic Development Council on Wednesday.

The subject is of interest to some trade unionists and NEDO has been studying the possible effects on domestic investment and employment.

During the latest stage, the various tripartite sector working parties involved in their industrial strategy programme have been asked to give their views.

As with previous studies, the latest exercise has apparently shown that overseas investment does not necessarily compete with UK investment, damage employment prospects, or hit exports—indeed exports can actually be stimulated by some overseas investment projects.

The NEDO study throws little light on the question of why so many UK concerns invest overseas compared with their competitors in Japan and West Germany.

Much of Wednesday's meeting will be taken up with a discussion on UK energy policy. Mr. Bernard Asher, at his last meeting before moving back to private industry after a period as acting director general of NEDO, will present a paper on Industrial Implications of the Energy Policy.

Weather

UK TODAY

COOLER, cloudy with showers.

London, S. England, E. Anglia, Midlands, S. Wales, Channel
Sunny intervals, scattered showers. Max. 19C (66F).

E., Cent. N. England, Borders
Fog inland, clearing. Bright intervals with showers. Max. 16-18C (61-64F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, N. Ireland
Cloudy, showers. Max. 17C (63F).

Edinburgh, Dundee, Glasgow, Cent. Highlands, Argyll, N.W. Scotland
Cloudy, rain with thunderstorms. Max. 15C (59F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland
Dry, becoming cloudy with rain. Max. 13C (55F).

Outlook: Showers and sunny intervals.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	S	25	77	Luxemb'g	S	23	73
Athens	S	26	79	Madrid	F	23	73
Bahrain	S	33	91	Manchestr.	S	25	77
Barcelona	S	22	72	Melbourne	F	16	61
Beirut	F	22	72	Milan	S	27	81
Belfast	S	21	70	Montreal	C	17	63
Belgrade	S	26	79	Moscow	F	17	63
Berlin	C	25	77	Munich	S	25	77
Brmghm.	S	24	75	Newcastle	S	19	66
Bristol	R	17	63	New York	S	20	68
Brussels	S	26	79	Oslo	S	25	77
Budapest	F	25	77	Paris	C	23	73
B. Aires	S	12	54	Perth	F	18	64
Cairo	S	30	86	Prague	S	26	79
Cardiff	C	17	63	Reykjavik	C	8	46
Chicago	C	23	74	Rio de J'o	C	25	77
Cologne	S	27	81	Rome	S	24	75
Copnhagn.	S	24	75	Singapore	S	23	73
Dublin	R	14	57	Stockholm	S	22	72
Edinburgh	S	17	63	Strasbrg.	F	26	79
Frankfurt	F	26	79	Sydney	F	16	61
Geneva	S	23	73	Tehran	S	21	70
Glasgow	S	23	73	Tel Aviv	F	25	77
Helsinki	F	26	79	Tokyo	R	16	61
H. Kong	S	29	84	Toronto	C	18	64
Jo'burg	S	25	77	Vienna	S	25	77
Lisbon	F	19	66	Warsaw	S	24	75
London	C	25	77	Zurich	S	23	73

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Istanbul	S	20	68
Algiers	F	23	73	Jersey	F	15	59
Biarritz	F	24	75	Las Plms.	S	22	72
Blackpool	S	25	77	Locarno	F	23	73
Bordeaux	C	21	70	Majorca	S	24	75
Boulogne	F	23	73	Malaga	S	21	70
Casablnca.	C	20	68	Malta	S	23	73
Cape Town	S	18	64	Naples	S	23	73
Corfu	S	26	79	Nice	F	23	73
Dubrovnik	S	24	75	Oporto	F	20	68
Faro	F	22	72	Rhodes	S	22	72
Funchal	F	20	68	Salzburg	F	26	79
Gibraltar	F	20	68	Tangier	C	22	72
Guernsey	F	16	61	Tenerife	S	18	64
Innsbruck	F	26	79	Tunis	S	27	81
Inverness	S	19	66	Valencia	F	23	73
Isle of Man	S	19	66	Venice	S	27	81

C—Cloudy, F—Fine, R—Rain, S—Sunny.

Continued from Page 1

Oil funds challenge

estimates that by the end of 1977 exploration finance, on which the chance of reward is now down to about 10 per cent, will have totalled £1.7bn sunk into some 600 holes in the bed of the UK sector of the North Sea. UK companies are thought to have put up 37 per cent of this total. Most of this money has come from the internal resources of big companies, but the working party identified equity issues totalling £88m, whose primary purpose was to fund oil exploration in the North Sea.

In the development of oil fields, the funds required are much larger, and the risk smaller, than during the exploration phase. The report estimates that £5.6bn will have been spent on development by the end of 1977, with another £3.2bn needed by the end of the decade just for existing fields. Another £2bn will be required for other probable developments.

The working party was not able to establish which part of this was financed by British financial institutions. In August, 1977, banks in the UK, including the U.S. banks, had outstanding North Sea development loans to the equivalent of £1.65bn, of which more than 60 per cent was in foreign currencies. There were additional firm commitments of another £700m. British banks accounted for half of the sterling lending and about a third of the foreign currency lending.

The report also notes the development in the past year of an increasing interest in the project finance concept. It is a feature of oil development financing—a lot of money has to be spent before any income comes from the investment. It says that in a typical North Sea oil development the payback period from the outset will be eight years and the average length of time for which development funds will be at risk is about three years.

It is in coping with these three characteristics—the scale, the risk and the duration of North Sea financing—that the report sees the achievement of UK financial systems.

Its authors conclude that "very substantial quantities of project finance can be raised from banks provided they receive some remuneration for their exposure to equity risk."

The working party finds that there has been no shortage of venture capital even where the "probability of success was low and there was a significant chance of a total loss."

It says that lending institutions have not shown themselves to be looking only for a quick profit but clearly have been ready to "earn their profit by building up a strong enterprise over the longer term."

Alcan quoted in London today

BY JAMES BARTHOLOMEW

TODAY is the first day that shares of Alcan Aluminium (UK) will be quoted on the London stock market. This follows conversion by British holders of most of the 9 per cent convertible loan stock.

The conversion last month means that 16 per cent. of the equity of Alcan Aluminium (UK) is in British hands. The Stock Exchange agreed on Friday to grant a listing.

The shares are expected to be quoted this morning at more than 159p each, the closing price of the unconverted loan stock on Friday.

This would value the company at £671m and the British equity interest at £10.7m. It will be the largest direct stake in the British aluminium industry available to the public.

Mr. Donald Main, assistant managing director of Alcan (UK), said on Friday he was "very pleased with the response of holders of the convertible stock." He regarded it as "an expression of confidence in the company."

The new shareholders will receive gross dividends of 15p a share. Those who have not converted will get only 9p per £1 nominal of stock. They might be forced to convert "for their own interest," Mr. Main said.

The convertible stock was issued in 1969 to help to finance a new aluminium smelter.

Mr. Main said the company had been "grateful to be able to go ahead with such a big project." The conversion and subsequent listing of the stock was a natural consequence of the finance the stock market subscribed at that time.

The parent company, Alcan Aluminium of Canada, seriously considered buying in the loan stock. The British subsidiary has had difficult times but recently its heavy capital investments have come good.

Last year, the pre-tax profit was £24.7m after £10m the year before and a loss of £5.9m in 1976. Demand has caught up with capacity in the industry.

The Alcan (UK) operation goes from the smelter aluminium semi-fabrication and finished products.

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